

*76th
Annual Report
2015-2016*



The Ramaraju Surgical Cotton Mills Limited
Rajapalaiyam



SHRI P.A.C. RAMASAMY RAJA



Founder
Shri N.K. RAMARAJU

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

Board of Directors

Shri P.R. RAMASUBRAHMANEYA RAJHA, B.Sc.,
Chairman

Smt. R. NALINA RAMALAKSHMI, B.Sc., M.S.C.S.,
Managing Director

Shri N.R.K. RAMKUMAR RAJA, B.Tech., M.E.,
Managing Director

Shri M. SRIDHARAN
(Nominee of Govt. of Tamilnadu)

Shri P.R. VENKETRAMA RAJA, B.Tech., M.B.A.,

Shri N.K. SHRIKANTAN RAJA, B.Com.,

Shri P.J. ALAGA RAJA, B.A.B.L.,

Shri S. KANTHIMATHINATHAN, M.Sc., (Tex.), M.B.A.,

Justice Shri P.P.S. JANARDHANA RAJA, B.L.,

Shri V. SANTHANA RAMAN, B.Com. C.A.I.I.B.,

Shri P.J. RAMKUMAR RAJHA, B.Com.,

Factories

Surgical Division

1. Rajapalaiyam
2. Perumalpatti

Spinning Division

Sudarsanam Spinning Mills

1. Rajapalaiyam
2. Silvassa
3. Subramaniapuram
4. Thirumalagiri Village, AP.

Fabric Division

Perumalpatti

Bankers

Canara Bank

IDBI Bank Limited

Indian Bank

State Bank of India

Tamilnad Mercantile Bank Limited

The Karur Vysya Bank Limited

Auditors

M/s. M.S. Jagannathan & N. Krishnaswami,
Chartered Accountants,
Unit 5, Ground Floor,
Abirami Apartments,
No.14, V.O.C. Road,
Cantonment,
Tiruchirappalli - 620 001.

Cost Auditor

Shri M. Kannan,
IV-B, Akshaya Homes,
9B-20, Tagore Nagar,
Bharathiyar 4th Street,
S.S. Colony,
Madurai - 625 016.

Chief Financial Officer

Shri P.R. Ramasubramanian

Secretary

Shri A. Emarajan

Registered Office

The Ramaraju Surgical Cotton Mills Premises,
Post Box No. 2,
119, P.A.C. Ramasamy Raja Salai,
Rajapalaiyam - 626 117.
Tamilnadu.

Corporate Identification Number :

U17111TN1939PLC002302

E-mail : rscm@ramcotex.com

Phone : 04563-235904

Fax : 04563-235714

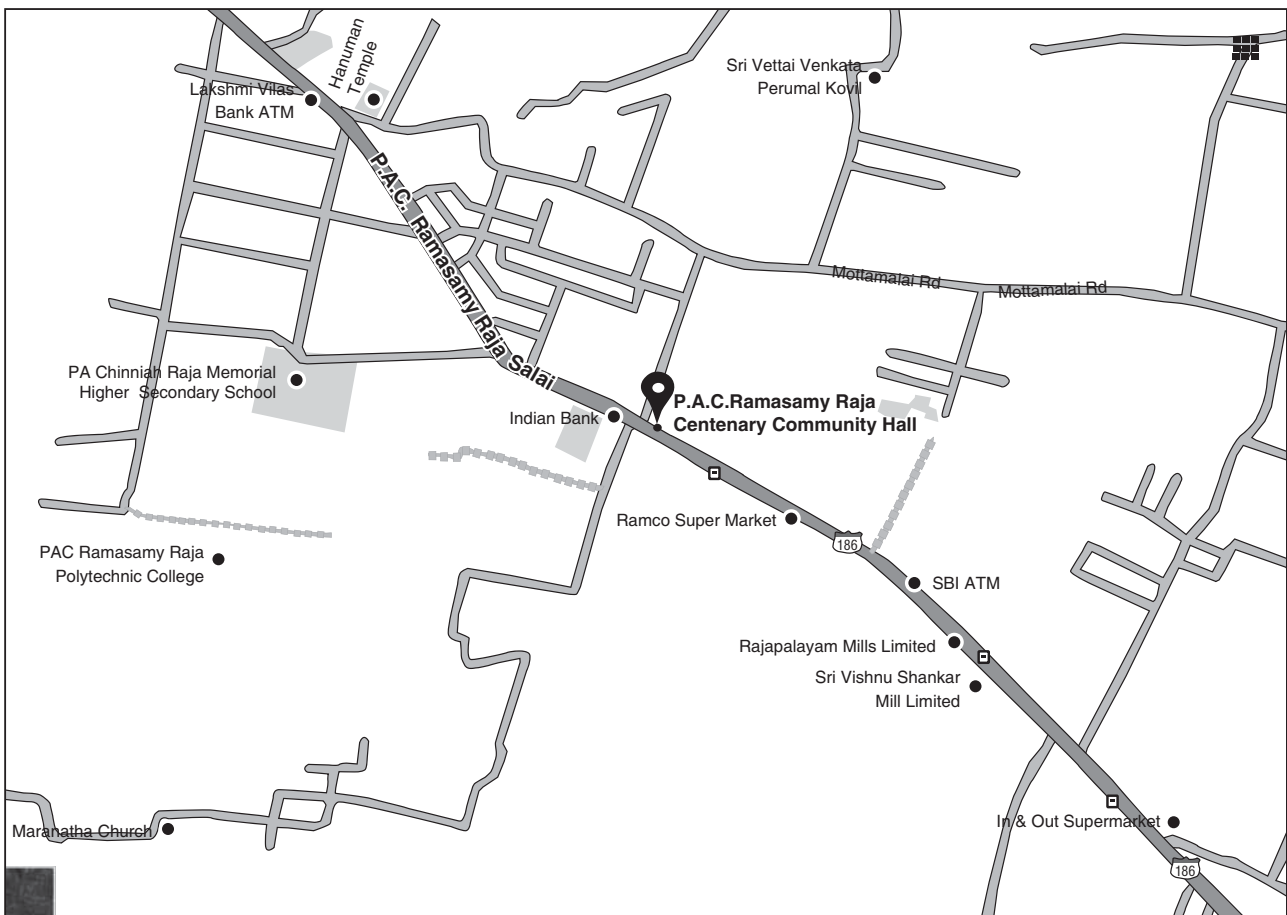
Website:

www.ramarajusurgical.com

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Map Showing location of venue of 76th Annual General Meeting
Venue Address: P.A.C. Ramasamy Raja Centenary Community Hall, Sudarsan Gardens,
P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 108, Tamil Nadu



Land Mark: Near Indian Bank, P.A.C.R. Polytechnic College Branch

Distance from Rajapalayam Bus Stand : 3.5 KM; Distance from Rajapalayam Railway Station : 3.9 KM

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

NOTICE TO THE MEMBERS

Notice is hereby given that the 76th Annual General Meeting of the Company will be held at 9.30 A.M. on Wednesday, the 10th August, 2016 at P.A.C. Ramasamy Raja Centenary Community Hall, Sudarsan Gardens, P.A.C. Ramasamy Raja Salai, Rajapalaiyam - 626 108, Tamil Nadu to transact the following business:

ORDINARY BUSINESS:

1. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:
"RESOLVED that the Directors' Report and the Company's Standalone and Consolidated Statements of Profit & Loss for the year ended 31st March 2016, Balance Sheet as at that date and Cash Flow Statements for the year ended on that date and the Auditors' Reports thereon be and are hereby considered and adopted."
2. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:
"RESOLVED that Shri N.K. Shrikantan Raja (DIN: 00350693), who retires by rotation, be and is hereby elected as Director of the Company."
3. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:
"RESOLVED that Shri S. Kanthimathinathan (DIN: 01124581), who retires by rotation, be and is hereby elected as Director of the Company."
4. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:
"RESOLVED that in terms of Section 139 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder, the appointment of M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants holding Firm Registration No.: 001208S as Auditors of the Company for the third consecutive year, viz. from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting, out of their term of three consecutive years as approved at the Annual General Meeting held on 04-08-2014, be and is hereby ratified."

SPECIAL BUSINESS:

5. To consider and pass the following Resolution, as a SPECIAL RESOLUTION:
"RESOLVED that pursuant to Sections 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, approval of the Company be and is hereby accorded to the appointment of Shri N.R.K. Ramkumar Raja (DIN: 01948373) as Managing Director of the Company for a period of 3 years with effect from 14-02-2016, at a remuneration equivalent to 5% of the net profits of the Company."

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

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RESOLVED FURTHER that the Nomination and Remuneration Committee be and is hereby authorised to fix the components, quantum and periodicity of the remuneration payable to the Managing Director subject however that the annual remuneration does not exceed 5% of the net profits of the Company in any financial year.

RESOLVED FURTHER that where in any financial year during the currency of his tenure, the Company has no profits or inadequate profits, the Managing Director shall be paid remuneration as approved by the Nomination and Remuneration Committee as provided under (A) of Section II, Part II of Schedule V of the Companies Act, 2013 along with the following perquisites.

- i. Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
- ii. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
- iii. Encashment of leave at the end of the tenure and other perquisites as allowed under Section IV of Schedule V of the Companies Act, 2013.

RESOLVED FURTHER that the remuneration aforesaid shall be exclusive of any fee paid for attending Meetings of the Board or any Committee thereof or for any other purpose, whatsoever as may be decided by the Board as provided in Section 197(5) of the Companies Act, 2013."

6. To consider and pass the following Resolution, as a SPECIAL RESOLUTION:

"RESOLVED that pursuant to Sections 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, approval of the Company be and is hereby accorded to the appointment of Smt. R. Nalina Ramalakshmi (DIN:01364161) as Managing Director of the Company for a period of 3 years with effect from 01-04-2017, at a remuneration equivalent to 5% of the net profits of the Company.

RESOLVED FURTHER that the Nomination and Remuneration Committee be and is hereby authorised to fix the components, quantum and periodicity of the remuneration payable to the Managing Director subject however that the annual remuneration does not exceed 5% of the net profits of the Company in any financial year.

RESOLVED FURTHER that where in any financial year during the currency of her tenure, the Company has no profits or inadequate profits, the Managing Director shall be paid remuneration as approved by the Nomination and Remuneration Committee as provided under (A) of Section II, Part II of Schedule V of the Companies Act, 2013 along with the following perquisites.

- i. Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
- ii. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and

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- iii. Encashment of leave at the end of the tenure and other perquisites as allowed under Section IV of Schedule V of the Companies Act, 2013.

RESOLVED FURTHER that the remuneration aforesaid shall be exclusive of any fee paid for attending Meetings of the Board or any Committee thereof or for any other purpose, whatsoever as may be decided by the Board as provided in Section 197(5) of the Companies Act, 2013."

7. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:

"RESOLVED that pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and Rule 14 of Companies (Audit and Auditors) Rules, 2014, the remuneration of Rs.1,00,000/- exclusive of Service Tax and Out-of-pocket expenses payable to Shri M. Kannan, Cost Accountant (Firm Registration No. 102185) appointed as the Cost Auditor of the Company by the Board of Directors, for the financial year 2016-17 for auditing the Cost Records relating to manufacture of textile and pharmaceutical products, be and is hereby ratified and confirmed."

8. To consider and pass the following Resolution, as a SPECIAL RESOLUTION:

"RESOLVED that the consent of the Company be and is hereby accorded in terms of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 to the Board of Directors of the Company to create charge by way of mortgage, hypothecation, lien or in any other manner on all or any of the movable and / or immovable properties of the Company wheresoever situate both present and future and / or the whole or substantially the whole of the undertaking or the undertakings of the Company in favour of the Financial Institutions / Banks / Trusts / Mutual Funds or any other Institutions / Companies / Authorities / Debenture Holders / Entities, in such form and manner and with such ranking and at such time and on such terms as the Board of Directors may determine for securing the loans / facilities sanctioned or to be sanctioned to the Company or for securing the securities or any other debt instruments etc. issued or to be issued that fall within Board's powers, together with interest, remuneration of the trustees and / or any other Institutions / Companies / Authorities, premium (if any) on redemption and all other costs, charges and expenses payable by the Company in terms of the trust deed and / or any other agreements / documents, etc. to be finalized and executed between the Company and the agents and trustees and / or any other Institutions or Authorities and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board and the agents and trustees and / or any other Institutions or Authorities."

By Order of the Board,
For THE RAMARAJU SURGICAL COTTON MILLS LIMITED,

Rajapalaiyam
28th May, 2016

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

NOTICE

NOTES:

- (i) Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts concerning each item of Special Business is annexed hereto.
- (ii) **A member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself and that the Proxy need not be a Member.**
- (iii) A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. Proxy Form is enclosed. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting. Proxies submitted on behalf of the Companies, Societies, etc., must be supported by an appropriate resolution / authority, as applicable;
- (iv) The cut-off date will be 4th August, 2016 for determining the eligibility to vote by remote e-Voting or in General Meeting.
- (v) Pursuant to the provisions of Section 205 A(5) and 205 C of the Companies Act, 1956, the Company has transferred the unclaimed / unpaid dividends lying with the Company for a period of over 7 years, to the Investor Education and Protection Fund (the IEPF) established by the Central Government. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the details of unclaimed / unpaid dividends lying with the Company on the website of the Company (www.ramarajusurgical.com), as also on the website of the Ministry of Corporate Affairs (MCA). The dividends remaining unpaid for a period of over 7 years will be transferred to the Investor Education and Protection Fund (the IEPF) of the Central Government. Hence, the members who have not claimed their dividend relating to the earlier years may write to the Company for claiming the amount before it is so transferred to the Fund. The details of due dates for transfer of such unclaimed dividend to the said Fund are:

Financial Year Ended	Date of Declaration of Dividend	Last Date for claiming Unpaid Dividend	Due Date for transfer to IEP Fund
31-03-2010	04-08-2010	03-08-2017	01-09-2017
31-03-2011	20-07-2011	19-07-2018	17-08-2018
31-03-2013 Interim Dividend Final Dividend	22-02-2013 01-08-2013	21-02-2020 31-07-2020	21-03-2020 29-08-2020
31-03-2014	04-08-2014	03-08-2021	01-09-2021
31-03-2015	12-08-2015	11-08-2022	09-09-2022
31-03-2016 Interim Dividend	14-03-2016	13-03-2023	11-04-2023

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- (vi) Electronic copy of the Notice for the Annual General Meeting and the Annual Report for 2015-16 are being sent to all the members whose E-mail IDs are registered with the Company / Depository Participant(s). Physical copy of the Notice together with the Annual Report are being sent in permitted mode, to members for whom the E-mail IDs are not available and who have requested for physical copies. The Notice and the Annual Report are also available on the Company's Website - www.ramarajusurgical.com for their download.
- (vii) Under Rule 18 of Companies (Management and Administration) Rules, 2014, Members, who have not got their E-mail IDs recorded are requested to register their E-mail address and changes therein with the Company in respect of physical shares and with Depository Participants in respect to dematerialised shares. Members are also requested to provide their Unique Identification Number and PAN (CIN in the case of Corporate Members) to the Company / Depository Participant(s).
- (viii) A Route map with prominent Landmark for easy location of the venue of the meeting is given with this notice as per the requirement of Clause No. 1.2.4 of the Secretarial Standard - 2 on "General Meetings".
- (ix) Voting through electronic means:
- A. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is providing members remote e-Voting facility to exercise their right to vote at the 76th Annual General Meeting (AGM) and the business may be transacted through such voting, through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).
- B. The facility for voting, either through electronic voting system or ballot shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-Voting shall be able to exercise their right at the meeting.
- C. The members who have cast their vote by remote e-Voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

The instructions for e-Voting are as under:

- i) To log on to the e-Voting website www.evotingindia.com.
- ii) To Click on "Shareholders" tab.
- iii) Now enter your User ID as given below:
 - For CDSL: 16 Digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- iv) Next enter the Captcha Code as displayed and Click on Login.
- v) PASSWORD
 - If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

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- If you are first time user follow the steps given below:
 - (a) Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat Shareholders as well as physical Shareholders).
Members who have not updated their PAN with the Company / Depository Participant are requested to use the first two letters of their name and the 8 digits of the Folio No. / Client ID in the PAN field.
In case the Folio No is less than 8 digits, enter the applicable number of 0's before the Folio No. to make it 8 digits after the first two characters of the name in CAPITAL letters. Eg. If your name is R.Murugan with folio number 1 then enter RM00000001 in the PAN Field.
 - (b) Please enter any one of the following details in order to login:
 - Date of Birth: Enter the Date of Birth as recorded in your demat account or in the Company records in dd/mm/yyyy format.
 - Dividend Bank Details: Please enter Dividend Bank Details as recorded in your demat account or in the Company records.
- vi) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-Voting through CDSL platform. It is recommended not to share your password with any other person and take utmost care to keep your password confidential.
- vii) For members holding shares in physical form, the details can be used only for e-Voting on the resolutions contained in this Notice.
- viii) Click on the relevant EVSN for THE RAMARAJU SURGICAL COTTON MILLS LIMITED on which you choose to vote.
- ix) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES / NO" for voting. Select the option YES or No as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- x) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolutions.
- xi) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xiii) You can also take out print of the voting done by you clicking on "Click here to Print" option on the Voting page. It need not be sent to the Company.
- xiv) If Demat account holder has forgotten the changed password then enter the User ID and the Captcha code and click on Forgot Password & enter the details as prompted by the system.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

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- xv) Non-Individual Shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to **<https://www.evotingindia.com>** and register themselves as Corporates. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to **helpdesk.evoting@cdslindia.com**. After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on. The list of accounts linked in the login should be mailed to **helpdesk.evoting@cdslindia.com** and on approval of the accounts they would be able to cast their vote. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- D. The facility for remote e-voting shall remain open from 9.00 a.m. on Sunday, the 7th August, 2016 to 5.00 p.m. on Tuesday, the 9th August, 2016. During this period, the members of the Company holding shares either in Physical Form or in Dematerialised Form, as on the cut-off-date, viz., Thursday, the 04th August, 2016, may opt for remote e-Voting. E-voting shall not be allowed beyond 5.00 P.M. on 9th August, 2016.
- E. In case you have any queries or issues regarding e-Voting, you may refer the Frequently Asked Questions ("FAQs") and e-Voting manual available at **www.evotingindia.com** under help section or write an e-mail to **helpdesk.evoting@cdslindia.com**.
- F. The voting rights of Shareholders shall be in proportion to the shares held by them in the paid up equity share capital of the Company as on 04-08-2016.
- G. Shri K. Srinivasan, Chartered Accountant (Membership No:021510), Partner, M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants has been appointed as the Scrutinizer to scrutinize the e-Voting process in a fair and transparent manner.
- H. The Chairman shall, at the general meeting, at the end of discussion on the resolutions on which voting is to be held, allow voting, with the assistance of scrutinizer, by use of ballot or by using an electronic voting system for all those members who are present at the General Meeting but have not cast their votes by availing the remote e-Voting facility.
- I. The Scrutinizer shall immediately after conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting there after unblock the votes cast through remote e-Voting in the presence of at least two witnesses not in the employment of the Company and make not later than three days of conclusion of the Meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or person authorised by him in writing who shall countersign the same and the Chairman or a person authorised by him in writing shall declare the result of the voting forthwith.

By Order of the Board,
For THE RAMARAJU SURGICAL COTTON MILLS LIMITED,

Rajapalaiyam,
28th May, 2016.

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

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STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No.5

The Board of Director of the Company at their Meeting held on February 14, 2016, based on the recommendation of the Nomination and Remuneration Committee appointed Shri N.R.K. Ramkumar Raja, as Managing Director of the Company subject to the approval of the Shareholders at the Annual General Meeting, for a period of 3 years from 14-02-2016 to 13-02-2019 under the provisions of Section 197 read with Schedule V and other applicable provisions if any of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 upon the terms and conditions and remuneration hereinafter indicated.

Shri N.R.K. Ramkumar Raja has given a declaration to the Company that he is not disqualified under Section 164 of the Act for appointment as a Director under the Act and has also given his consent to act as Managing Director of the Company.

Terms of Remuneration:

- * 5% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013.
- * In any financial year, where the Company has no profits or inadequacy of profits, Shri N.R.K. Ramkumar Raja, Managing Director shall be paid as remuneration as provided under (A) of Section II, Part II of Schedule V of the Companies Act, 2013 along with the following perquisites.
 - i. Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
 - ii. Gratuity payable at a rate of not exceeding half a month's salary for each completed year of Service; and
 - iii. Encashment of leave at the end of the tenure and other perquisites as allowed under Section IV of Schedule V of the Companies Act, 2013.

The aforesaid remuneration shall be exclusive of any fee paid for attending Meetings of the Board or Committee thereof or for any other purpose, whatsoever as may be decided by the Board as provided in Section 197(5) of the Companies Act, 2013.

The proposed appointment and the payment of remuneration has also been approved by the Nomination and Remuneration Committee and Audit Committee at its meeting held on 13-02-2016.

The appointment and the remuneration proposed fulfill the conditions stipulated in Schedule V of the Companies Act, 2013 and hence approval of Central Government is not required.

Shri N.R.K. Ramkumar Raja holds 70,480 shares in The Ramaraju Surgical Cotton Mills Limited.

Shri N.R.K. Ramkumar Raja is the Director in Shri Harini Media Limited.

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None of the Directors and Key Managerial Personnel except Shri N.R.K. Ramkumar Raja as an appointee and Shri P.R. Ramasubrahmaneya Rajha, Chairman, Smt. R. Nalina Ramalakshmi, Managing Director, Shri N.K. Shrikantan Raja, Director as relatives to the Managing Director may be deemed to be concerned or interested in the Resolution.

General Information as per sub-clause (iv) of second provision to Clause (B) of Section II of Part II of Schedule V.

I. General Information

1	Nature of Industry	Textiles & Surgical Dressings		
2	Date of Commencement of Business	20-02-1939		
3	Financial performance based on given indicators			
	Year	Total Revenue (Rs. in Crores)	Net Profit after Tax (Rs. in Crores)	Dividend per share (In Rs.)
	2015-16	255.50	8.97	1.00
	2014-15	328.99	4.01	1.20
	2013-14	277.90	16.66	3.00
	2012-13	239.76	22.55	3.00
4	Foreign investments or collaborations, if any			Nil

II. Information about the appointee:

1	Background Details	Shri N.R.K. Ramkumar Raja is a Promoter & Managing Director. He was in the Board of the Company from July 2003 to May 2014.
2	Past Remuneration	–
3	Recognition or awards	–
4	Job profile and his suitability	In-charge for day-to-day affairs and promotion of the Company. He is an Engineering Graduate and has vast experience in the Management of the affairs of the Company. He is suitable for being appointed as Managing Director of the Company.
5	Remuneration proposed	5% of the net profits of the Company and in case of inadequacy of profits, Shri N.R.K. Ramkumar Raja, Managing Director shall be paid as remuneration, as provided under (A) of Section II, Part II of Schedule V of the Companies Act, 2013 along with perquisites as mentioned in the Resolution. He will also be entitled for sitting fees for meetings of the Board or its Committees attended by him.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

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6	Comparative Remuneration profile	Remuneration is comparable with respect to industry, size of the Company, profile of the position and person.
7	Relationship with Managerial Personnel / Pecuniary relationship directly or indirectly with the Company	He is related to Shri P.R.Ramasubrahmaneya Rajha, Smt. R. Nalina Ramalakshmi and Shri N.K. Shrikantan Raja, Directors of the Company. He has no pecuniary relationship other than the remuneration, he is entitled to receive. His transactions with the Company are disclosed under "Related Party Transactions" in Note No. 26(14).

III. Other Information:

1	Reasons of loss or inadequate profits	Not Applicable as the Company is making profits for the previous three financial years.
2	Steps taken or proposed to be taken for improvement	
3	Expected increase in productivity and profits in measurable terms	

IV. Other Disclosures:

Corporate Governance	Not applicable
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Item No.6

Smt. R. Nalina Ramalakshmi (DIN: 01364161) was first appointed as Managing Director of the Company on 12-08-2005. At that time, the net worth of the Company was Rs.13.92 Crores and Turnover was Rs.61.92 Crores. The Company's net worth has increased to Rs. 68.45 Crores as on 31-03-2016 with a Total Revenue of Rs. 255.50 Crores for the financial year 2015-16.

Smt. R. Nalina Ramalakshmi was re-appointed as Managing Director of the Company by the Board of Director at their meeting held on 28-05-2016, subject to the approval of the Shareholders at the Annual General Meeting, for a further period of 3 years from 01-04-2017 to 31-03-2020 in accordance with the provisions of Section 197 read with Schedule V and other applicable provisions of the Companies Act, 2013.

Terms of Remuneration:

- * 5% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013.
- * In any financial year, where the Company has no profits or inadequacy of profits, Smt. R. Nalina Ramalakshmi, Managing Director shall be paid as remuneration, as provided under (A) of Section II, Part II of Schedule V of the Companies Act, 2013 along with the following perquisites.

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- i. Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
- ii. Gratuity payable at a rate of not exceeding half a month's salary for each completed year of Service; and
- iii. Encashment of leave at the end of the tenure and other perquisites as allowed under Section IV of Schedule V of the Companies Act, 2013.

* The aforesaid remuneration shall be exclusive of any fee paid for attending Meetings of the Board or Committee thereof or for any other purpose, whatsoever as may be decided by the Board as provided in Section 197(5) of the Companies Act, 2013.

The proposed re-appointment and the payment of remuneration has also been approved by the Nomination and Remuneration Committee and Audit Committee at its meeting held on 27-05-2016.

The re-appointment and the remuneration proposed fulfill the conditions stipulated in Schedule V of the Companies Act, 2013 and hence approval of Central Government is not required.

Smt. R. Nalina Ramalakshmi holds 6,76,190 shares in The Ramaraju Surgical Cotton Mills Limited.

Smt. R. Nalina Ramalakshmi is holding directorship in the following Companies:

1. Sri Harini Textiles Limited, Director
2. Shri Harini Media Limited, Managing Director

None of the Directors and Key Managerial Personnel except Smt. R. Nalina Ramalakshmi as an appointee and Shri P.R. Ramasubrahmaneya Rajha, Chairman, Shri N.R.K. Ramkumar Raja, Managing Director and Shri P.R. Venketrama Raja, Director as relative to the Managing Director may be deemed to be concerned or interested in the Resolution.

General Information as per sub-clause (iv) of second proviso to Clause (B) of Section II of Part II of Schedule V.

I. General Information

1	Nature of Industry	Textiles & Surgical Dressings		
2	Date of Commencement of Business	20-02-1939		
3	Financial performance based on given indicators			
	Year	Total Revenue (Rs. in Crores)	Net Profit after Tax (Rs. in Crores)	Dividend per share (In Rs.)
	2015-16	255.50	8.97	1.00
	2014-15	328.99	4.01	1.20
	2013-14	277.90	16.66	3.00
4	Foreign investments or collaborations, if any			Nil

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

NOTICE

II. Information about the appointee:

1	Background Details	Smt. R. Nalina Ramalakshmi is a Promoter & Managing Director and has been on the Board of the Company since 2003.
2	Past Remuneration	She has been paid a remuneration @ 5% of the net profits of the Company and in case of inadequacy profits, she has been paid maximum permissible remuneration as per Schedule V of the Companies Act, 2013.
3	Recognition or awards	–
4	Job profile and her suitability	Overall in-charge for Management of the affairs of the Company. The Company has grown well under her management.
5	Remuneration proposed	5% of the net profits of the Company and in case of inadequacy of profits, Smt. R. Nalina Ramalakshmi, Managing Director shall be paid as remuneration, as provided under (A) of Section II, Part II of Schedule V of the Companies Act, 2013 along with perquisites as mentioned in the Resolution. She will also be entitled for sitting fees for meetings of the Board or its Committees attended by her.
6	Comparative Remuneration profile	Remuneration is comparable with respect to industry, size of the Company, profile of the position and person.
7	Relationship with Managerial Personnel / Pecuniary relationship directly or indirectly with the Company	She is related to Shri P.R.Ramasubrahmaneya Rajha, Shri N.R.K. Ramkumar Raja and Shri P.R. Venketrama Raja, Directors of the Company. She has no pecuniary relationship other than the remuneration, she is entitled to receive. Her transactions with the Company are disclosed under “Related Party Transactions” in Note No. 26(14).

III. Other Information:

1	Reasons of loss or inadequate profits	Not Applicable as the Company is making profits for the previous three financial years.
2	Steps taken or proposed to be taken for improvement	
3	Expected increase in productivity and profits in measurable terms	

IV. Other Disclosures:

Corporate Governance	Not applicable
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THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

NOTICE

Item No.7

In accordance with the provisions of Section 148 of the Companies Act, 2013 (the Act) and the Companies (Audit and Auditors) Rules, 2014 (the Rules), the Company is required to appoint a cost auditor to audit the cost records of the Company relating to manufacture of Textile and Pharmaceutical Products for the financial year 2016-17.

On the recommendation of the Audit Committee at its meeting held on 27-05-2016, the Board had approved the appointment of Shri M. Kannan, Cost Accountant as the Cost Auditors of the Company to audit the Company's Cost Records relating to manufacture of Textile and Pharmaceutical Products at a remuneration of Rs.1,00,000/- exclusive of Service Tax and out-of-pocket expenses for the financial year 2016-17.

The remuneration of the cost auditor is required to be ratified by the Members in accordance with the provisions of Section 148(3) of the Act and Rule 14 of the Rules.

The Directors recommend the Resolution to the Members for their approval.

None of the Directors, Key Managerial Personnel or their relatives are deemed to be interested in this Resolution.

Item No.8

As a security for the loans sanctioned/to be sanctioned by Financial Institutions / Banks / Other Corporate Bodies etc., the Company would be required to mortgage and / charge its movable and immovable properties both present and future.

Such creation of charge may be considered as otherwise disposing of the whole or substantially the whole of the undertaking of the Company, which would require the approval of the Members by way of a Special Resolution under Section 180(1)(a) of the Companies Act, 2013.

The Directors recommend the Resolution to the Members for their approval.

None of the Directors, Key Managerial Personnel or their relatives are interested in this Resolution.

By Order of the Board,
For THE RAMARAJU SURGICAL COTTON MILLS LIMITED,

Rajapalaiyam,
28th May, 2016.

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting their 76th Annual Report and the Audited Accounts of the Company for the year ended 31st March 2016.

FINANCIAL RESULTS

The financial results for the year ended 31st March, 2016 after charging all expenses and contribution to Ramaraju Memorial Fund of Rs.35 Lakhs (which is within the limits laid in the Articles of Association) but before deducting finance cost and depreciation have resulted in operating profit of Rs.4,351.26 Lakhs against Rs.3,691.44 Lakhs for the previous financial year 2014-15.

After deducting Rs.1,768.26 Lakhs towards finance cost and providing Rs.1,484.04 Lakhs towards Depreciation, considering Rs.180.68 Lakhs being Dividends received from the shares held by the Company as investments, the Net Profit for the year is Rs.1,279.64 Lakhs, as compared to Rs.614.90 Lakhs for the previous financial year 2014-15. Adding the surplus of Rs.154.88 Lakhs brought forward from the previous year, your Directors propose to appropriate the total sum of Rs. 1,434.52 Lakhs as detailed below:

		Rs. in Lakhs
Provision for Taxation	Current Tax - MAT	234.54
	MAT Credit entitlement after adjusting of the earlier years withdrawn	(142.05)
	Tax Expenses relating to earlier years	89.50
	Deferred Tax	201.02
Interim Dividend	Rs.1.00 per share	19.73
Tax on Dividend	@20.358%	4.02
Transfer to General Reserve		900.00
Balance carried over to Balance sheet		127.76
	Total	<u>1,434.52</u>

SHARE CAPITAL

The Paid-up Capital of the Company is Rs.197.33 Lakhs (Previous Year: Rs.197.33 Lakhs) consisting of 19,73,280 Shares of Rs.10/- each.

DIVIDEND

Your Directors have already declared an Interim Dividend of Rs.1/- per share for the financial year 2015-16 on 14th March, 2016 (Previous Year Dividend : Rs.1.20 per share). The amount of Interim Dividend outgo for the year was Rs.19.73 Lakhs. The amount of tax on Interim Dividend was

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

DIRECTORS' REPORT

Rs.4.02 Lakhs. In view of conserving resources for repayment of loans, your Directors do not recommend any further dividend for the financial year 2015-16. The Interim Dividend already paid may be treated as total Dividend for the year 2015-16.

TAXATION

An amount of Rs. 234.54 Lakhs towards Current Tax, Rs.89.50 Lakhs towards Income Tax expenses related to earlier years and Rs.201.02 Lakhs towards Deferred Tax has been provided for the year.

FINANCIAL STATEMENT OF ASSOCIATE COMPANY

Pursuant to Section 129(3) of the Act read with Rule 5 of the Companies Accounts Rules, 2014, the statement containing the salient future of the financial statement of a Company's associate (in Form AOC-1) is attached as Annexure-I.

CONSOLIDATED FINANCIAL STATEMENTS

As per the provisions of Section 129(3) of the Companies Act, 2013 and relevant Accounting Standard 23 (Accounting for Investments in Associates) in Consolidated Financial Statements, Companies are required to prepare Consolidated Financial Statements of its Associate Company to be laid before the Annual General Meeting of the Company. Accordingly, consolidate financial statements incorporating the profit share of Associate Company viz., Sri Harini Textiles Limited along with the Auditors' Report thereon, forms part of this Annual Report. The consolidated net profit of the company amounted to Rs.898.24 Lakhs for the year ended 31st March, 2016.

SPINNING DIVISION

TRADE CONDITIONS

During the year, the cotton prices have come down by 12% and correspondingly the yarn price was also declined. Sluggish yarn demand in India as well as in export market coupled with over supply situation in India, dragged the yarn prices both in Domestic as well as Export markets.

The preferential access being given in major importing nations like European Union to other countries including Bangladesh, Cambodia, Pakistan, South Korea, Turkey and Vietnam has put India in disadvantageous position and hence the export volume of textile goods from India to Europe was severely affected. Indian textile goods attract 4 to 16 per cent duty in Europe, while the majority of the competitors in other countries enjoy zero duty access. The Chinese government's decision to offload its reserve cotton stock has reduced their dependence on import of yarn from India and the Pakistan government's decision to impose regulatory duty for import of cotton yarn into their country have affected the shipments of yarn from India.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

DIRECTORS' REPORT

The power cut imposed in Tamil Nadu during the previous years was lifted during the year. However, the restrictions imposed by the Tamil Nadu Generation and Distribution Corporation (TANGEDCO) in evacuation of power generated by wind mills has continued and even worsened during this year, which has resulted in loss in generation of power from wind mills to the extent of approximately 28.89 Lakhs units, which translated into Rs.1.93 Crores in monetary terms.

Due to shut-down of wind mills by TANGEDCO, the Company was forced to purchase the power from power generating companies / run the DG & HFO sets, which are costly compared to wind mills. Due to this, the power cost during the year has gone up substantially.

In spite of reduction in yarn selling price and the increase in power & labour costs, the strategic decision taken by the Company to make investments in value added machines like compact spinning system, TFO, gassing machines, etc., has helped the Company to increase its volume of sales in export / corporate customers, who require high quality value added yarn and also helped the Company to control the costs and to increase its operational and financial performance.

EXPORTS

On the export front during the year, we have made export of Cotton Yarn / Fabrics and Surgical Dressings (including merchant exports) for a value of Rs.55.55 Crores as against Rs.110.20 Crores of the previous year.

Your Directors are thankful to M/s. Cottonificio Albini SPA, Italy, M/s. Tessitura Monti SPA, Italy, M/s. Mediterranean Textiles SAE, Egypt, M/s. Hanjung Union Corporation, Korea, M/s. CWC Textiles, Switzerland and M/s. Golden Star Fibres Corporation, Taiwan for their continued support and efforts for promotion of exports to Italy and other countries.

MODERNISATION

As a part of continuous thrust on modernization and diversification programme, the Company has invested Rs. 18.18 Crores in Weaving Division, State of the Art Textile Machinery & Equipments like Autoconer Machine, Simplex Machine, Opening Roller Rings, ETP-New Tertiary Clarifier Mechanism, Wood Breaker Machine, Energy Meter, Vision Shield Camera, etc.,

PROSPECTS FOR THE CURRENT YEAR

The cotton prices are showing increasing trend due to lower production of cotton projected during the current cotton season 2015-16 because of reduced acreage of cotton plantation and whitefly attack on cotton crops in Punjab and Haryana. Due to sluggish demand for yarn, the Spinning Mills

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

DIRECTORS' REPORT

are not able to increase the yarn prices in line with the increased cotton cost. With the flexibility to produce value added super fine counts and by using more imported contamination free cotton, the Company is now focusing more on expanding the marketing activities across the globe during the current year.

The Company is maintaining high standards of yarn quality, cost effective production and stringent waste control measures and focusing on more automation with a view to utilize the skilled manpower more efficiently. The Company is making all efforts to cope up with the current challenges through continuous cost reduction, imparting training to the employees at all levels, re-engineering of process and improved customer service to protect & improve the profit margins.

WIND MILL

The Company has wind mills with installed capacity of 8.30 MW for its captive power consumption. There was delay in the on-set of wind season during the year under review. These wind mills continued to face evacuation constraints imposed by Tamil Nadu Generation and Distribution Corporation (TANGEDCO). Because of this, the windmills were not able to generate power to its full potential and the generation of electricity during the year was less compared to the previous year.

The wind farm has generated 94 Lakhs Kwh as compared to 123 Lakhs Kwh of the previous year. All the Units generated by wind mills were adjusted for captive consumption at our Mills in Tamil Nadu. The income during the year from the Wind Mill Division was Rs.6.28 Crores as against Rs.7.29 Crores of previous year.

SURGICAL DIVISION

The operation of the division has been satisfactory with good contribution to the profit of the Company due to effective utilisation of Machineries. Even though Raw Material cost and other input cost had gone up, the Company had effectively managed the situation by increasing the productivity and other cost reduction measures. The Company has introduced a new product Cotton Gauze Pad to increase the profitability. The Company expects to perform better in the current year by increasing the capacity utilisation. The Company continues its endeavour for the sale of Absorbent Cotton Wool. By concentrating on operational efficiencies and cost reduction measures in all areas of production and distribution, the Company will strive to protect and improve its profitability. The Company is giving much importance and taking strenuous efforts to maintain Zero Liquid discharge in the Effluent Treatment Plant.

FABRICS DIVISION

During the previous year, the Company has expanded the Weaving Unit capacity from 7 Nos. to 15 Nos., which has contributed for doubling the Cash Profit of the Company.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

DIRECTORS' REPORT

During the year under review, the Company has been expanding the Weaving unit capacity from 15 Nos. to 63 Nos. imported Airjet Looms along with the imported Sizing and Warping Machineries at Perumalpatti for manufacturing fabrics. This will improve the turnover and profitability of the Company.

INTERNAL FINANCIAL CONTROL

In accordance with Section 134(5)(e) of the Companies Act, 2013, the Company has Internal Financial Control Policy by means of Policies and Procedures commensurate with the size & nature of its operations and pertaining to financial reporting. In accordance with Rule 8(5)(viii) of Companies (Accounts) Rules, 2014, it is hereby confirmed that the Internal Financial Controls are adequate with reference to the financial statements. ERP System developed by M/s. Ramco Systems Limited has been installed for online monitoring of all functions and management information reports are being used to have better internal control system and to take decisions in time.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

In accordance with Section 177(9) and (10) of the Companies Act, 2013, the Company has established a Vigil Mechanism and has a Whistle Blower Policy. The policy is available at the Company's website.

DIRECTORS

Based on the recommendation of the Nomination and Remuneration Committee and Audit Committee at its meeting held on 13-02-2016, the Board of Directors at their Meeting held on 14-02-2016 have appointed Shri N.R.K. Ramkumar Raja as Managing Director of the Company for a period of 3 years starting from 14-02-2016. As required under Section 152 of the Companies Act, 2013, Shri N.R.K. Ramkumar Raja has given a declaration to the Company that he is not disqualified under Section 164 of the Act for appointment as a Director under the Act and has also given his consent to act as Managing Director of the Company. Approval of the Members has been sought for his re-appointment in the Notice convening the AGM.

Smt. R. Nalina Ramalakshmi was re-appointed as Managing Director of the Company for a period of 3 years starting from 01-04-2014 to 31-03-2017 at the AGM held on 04-08-2014. Based on the recommendation of the Nomination and Remuneration Committee and Audit Committee made at its meeting held on 27-05-2016, the Board of Directors at their meeting held on 28-05-2016 have re-appointed her as Managing Director for a further period of 3 years starting from 01-04-2017. Approval of the Members has been sought for her re-appointment in the Notice convening the AGM.

In accordance with the provision of the Companies Act, 2013 and in terms of the Memorandum and Articles of Association of the Company, the following Directors retire by rotation at the ensuing Annual General Meeting and they are eligible for re-appointment.

1. Shri N.K. Shrikantan Raja (DIN: 00350693)
2. Shri S. Kanthimathinathan (DIN: 01124581)

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

DIRECTORS' REPORT

We regret to report the sad demise of Shri S.N. Rama Raju (DIN: 01115384) on 06-05-2016. The Directors place on record Shri S.N. Rama Rajus' valuable and constructive contribution in the Board Meetings and Committee Meetings during his association with the Company.

Pursuant to Rule 8(5)(iii) of Companies (Accounts) Rules, 2014, it is reported that, other than the above, there have been no changes in the Directors or Key Managerial Personnel during the year.

The Company has received necessary declarations from all the Independent Directors under Section 149(7) of the Companies Act, 2013, that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

MEETINGS OF THE BOARD

During the year under review, four Board Meetings were held, one each on 21-05-2015, 11-08-2015, 07-11-2015 and 14-02-2016.

Details of attendance of each Director at the Board Meetings held during the year are as follows:

Sl. No.	Name of the Director	Directorship	No. of Meetings attended
1.	Shri P.R. Ramasubrahmaneya Rajha	Chairman	4
2.	Smt. R. Nalina Ramalakshmi	Managing Director	1
3.	Shri P.R. Venketrama Raja	Promoter Director	3
4.	Shri N.K. Shrikantan Raja	Director	4
5.	Shri M. Sridharan	Nominee Director	3
6.	Shri S. Kanthimathinathan	Director	4
7.	Shri S.N. Rama Raju*	Independent Director	4
8.	Shri P.J. Alaga Raja	Independent Director	3
9.	Justice P.P.S. Janardhana Raja	Independent Director	4
10.	Shri V. Santhana Raman	Independent Director	4
11.	Shri P.J. Ramkumar Rajha	Independent Director	4
12.	Shri N.R.K. Ramkumar Raja**	Managing Director	—

* Demised on 06-05-2016

** Appointed with effect from 14-02-2016

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

DIRECTORS' REPORT

MEETINGS OF THE COMMITTEES

AUDIT COMMITTEE:

The Audit Committee consists of three members, out of which two are Independent Directors. Pursuant to Section 177(8) of the Companies Act, 2013, it is reported that there has not been an occasion, where the Board had not accepted any recommendation of the Audit Committee.

During the year under review, four Audit Committee Meetings were held, one each on 21-05-2015, 11-08-2015, 07-11-2015 and 13-02-2016.

Details of attendance of each Member at the Audit Committee Meetings held during the year are as follows:

Sl. No.	Name of the Director	Membership	No. of Meetings attended
1.	Shri S.N. Rama Raju*	Chairman	4
2.	Shri N.K. Shrikantan Raja	Member	4
3.	Shri P.J. Alaga Raja	Member	3

* Demised on 06-05-2016

NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee consists of three members, out of which two are Independent Directors.

In accordance with Section 178(3) of the Companies Act, 2013 and based upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors have approved a policy relating to appointment and remuneration of Directors, Key Managerial Personnel and Other Employees. The objective of the Nomination and Remuneration Policy is to ensure that the level and composition of remuneration is reasonable, the relationship of remuneration to performance is clear and appropriate to the long term goals of the Company.

During the year under review, two meetings were held, one each on 21-05-2015 and 13-02-2016.

Details of attendance of each Member at the Nomination and Remuneration Committee Meetings held during the year are as follows:

Sl. No.	Name of the Director	Membership	No. of Meetings attended
1.	Shri S.N. Rama Raju*	Chairman	2
2.	Shri N.K. Shrikantan Raja	Member	2
3.	Shri P.J. Alaga Raja	Member	2

* Demised 06-05-2016

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

DIRECTORS' REPORT

SHARE TRANSFER COMMITTEE:

During the year under review, six meetings were held, one each on 22-04-2015, 15-06-2015, 07-09-2015, 20-11-2015, 24-12-2015 and 17-03-2016.

Details of attendance of each Member at the Share Transfer Committee Meetings held during the year are as follows:

Sl. No.	Name of the Director	Membership	No. of Meetings attended
1.	Shri P.R. Ramasubrahmaneya Rajha	Chairman	6
2.	Shri N.K. Shrikantan Raja	Member	6
3.	Shri P.J. Alaga Raja	Member	6

EVALUATION OF BOARD

Pursuant to Section 134(3)(p) of the Companies Act, 2013, Independent Directors have evaluated the quality, quantity and timeliness of the flow of information between the Management and the Board, performance of the Board as a whole, its committee and its Members and other required matters. The Nomination and Remuneration Committee has laid down evaluation criteria for performance evaluation of Independent Directors, which will be based on attendance, expertise and contribution brought in by the Independent Director at the Board Meeting, which shall be taken into account at the time of re-appointment of Independent Director.

PUBLIC DEPOSITS

Pursuant to Rule 8(5)(v) & (vi) of Companies (Accounts) Rules, 2014, it is reported that the Company has not accepted any deposit from public during the financial year under review.

ORDERS PASSED BY REGULATORS

Pursuant to Rule 8(5)(vii) of Companies (Accounts) Rules, 2014, it is reported that, no significant and material orders have been passed by the Regulators or Courts or Tribunals, impacting the going concern status and Company's operations in future.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Pursuant to Section 186(4) of the Companies Act, 2013, it is reported that:

- (a) the Company has not given any loans and Guarantees during the year 2015-16 under Section 186 of the Companies Act, 2013.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

DIRECTORS' REPORT

(b) the particulars of the investments are provided under Note No.10 of Notes forming part of financial statements.

CORPORATE SOCIAL RESPONSIBILITY

In terms of Section 135 and Schedule VII of the Companies Act, 2013, the Board of Directors have constituted a Corporate Social Responsibility (CSR) Committee and adopted a CSR Policy which is based on the philosophy that "As the Organisation grows, the Society and Community around it also grows."

The Company has undertaken various projects in the areas of education, health, rural development, promotion and development of traditional arts, protection of national heritage, etc. largely in accordance with Schedule VII of the Companies Act, 2013.

Your Directors are pleased to inform that the amount required to be spent on CSR for the year 2015-16 is Rs. 32.55 Lakhs. Out of this requirement, the Company has incurred expenditure of Rs.10.83 Lakhs for CSR activities. The Company proposes to identify suitable project in the coming year and meet its requirement as mandated in the Companies Act, 2013. Accordingly, the Company has a phased plan for meeting the CSR objective as required by the Companies Act, 2013.

The Annual Report on CSR activities as prescribed under Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached as Annexure - II.

STATUTORY AUDIT

M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants are the Statutory Auditors of the Company.

At the 74th Annual General Meeting, the above Auditors have been appointed as statutory auditors for a period of 3 consecutive years being their remaining eligible period in terms of Rule 6 of Companies (Audit and Auditors) Rules, 2014. The matter relating to their appointment for the third year of their term is being placed before the Members for ratification at the ensuing Annual General Meeting, in accordance with the requirements of Section 139(1) of the Companies Act, 2013.

The Auditors have confirmed their eligibility for their re-appointment under Section 141 of the Companies Act, 2013.

The report of the Statutory Auditors for the year ended 31st March, 2016 does not contain any qualification, reservation or adverse remark and no instance of fraud has been reported by Auditors under Section 143(12) of the Companies Act, 2013.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

DIRECTORS' REPORT

COST AUDIT

Cost Audit relating to manufacture of textile products is not applicable to the Company for the financial year 2014-15. However, Ministry of Corporate Affairs has amended the Companies (Cost Records and Audit) Rules, 2014 vide its notification dated 31-12-2014 and Textile Mills are required to file cost audit report with effect from the financial year 2015-16.

The Cost Audit Report relating to manufacture of pharmaceutical products for the financial year 2014-15 due to be filed with Ministry of Corporate Affairs by 30-09-2015, had been filed on 28-09-2015.

The Board of Directors had approved the appointment of Shri M. Kannan, Cost Accountant as the Cost Auditors of the Company to audit the Company's Cost Records relating to manufacture of textile and pharmaceutical products for the year 2015-16 & 2016-17.

The remuneration of the cost auditor is required to be ratified by the members in accordance with the provisions of Section 148(3) of the Companies Act, 2013 and Rule 14 of Companies (Audit and Auditors) Rules, 2014. Accordingly, the matter is being placed before the Members for ratification at the ensuing Annual General Meeting.

The Cost Audit Report for the financial year 2015-16 is due to be filed within 180 days from the closure of the financial year and will be filed within the stipulated period.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Pursuant to Section 134(3)(m) of the Companies Act, 2013 and Rule 8(3) of Companies (Accounts) Rules, 2014, the information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is attached as Annexure - III.

EXTRACT OF ANNUAL RETURN

In accordance with Section 92(3) of the Companies Act, 2013, read with Rule 12(1) of Companies (Management and Administration) Rules, 2014, an extract of the annual return in form MGT - 9 is attached herewith as Annexure - IV.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The disclosures in terms of provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and (3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, relating to remuneration are provided in Annexure - V.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

DIRECTORS' REPORT

INDUSTRIAL RELATIONS AND PERSONNEL

The Company has 1678 Employees as on 31-03-2016. Industrial relations with employees remained cordial during the year. Human Resources Development activities received considerable focus. The emphasis was on imparting training and development of the skill-set of the employees to enable them to face the challenges in the work environment.

RELATED PARTY TRANSACTION

Prior approval / Omini bus approval is obtained from the Audit Committee for all Related Party Transactions and the transactions are also periodically placed before the Audit Committee for its approval. No transaction with the related party is material in nature, in accordance with Company's "Related Party Transaction Policy". In accordance with Accounting Standard-18 (Related Party Disclosure), the details of transaction with related parties are set out in Note No. 26(14) of disclosures forming part of Financial Statements.

RISK MANAGEMENT POLICY

Pursuant to Section 134(3)(n) of the Companies Act, 2013, the Company has developed and implemented a Risk Management Policy. The Policy envisages identification of risk and procedures for assessment and minimization of risk thereof.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors confirm that:

- (a) they had followed the applicable accounting standards along with proper explanation relating to material departures, if any, in the preparation of the annual accounts for the year ended 31-03-2016;
- (b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31-03-2016 and of the profit of the Company for the year ended on that date;
- (c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they had prepared the Annual Accounts on a going concern basis;
- (e) they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

DIRECTORS' REPORT

- (f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENT

The Directors are grateful to the various Departments and agencies of the Central and State Governments for their help and co-operation. They are thankful to the Financial Institutions and Banks for their continued help, assistance and guidance. The Directors wish to place on record their appreciation of employees at all levels for their commitment and their contribution.

On behalf of the Board of Directors,
For THE RAMARAJU SURGICAL COTTON MILLS LIMITED,

Rajapalaiyam,
28th May, 2016.

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE I TO DIRECTORS' REPORT

FORM AOC-1

[Pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014]

Statement containing the salient features of the financial statement of Associate Company

Particulars	2015-2016
Name of the Associate Company	Sri Harini Textiles Limited
Latest Audited Balance Sheet Date	31-03-2016
No.of Shares held as on 31-03-2016	14,90,000
Amount of Investment in Associate as on 31-03-2016 (Rs. in Crores)	1.49
Extent of Shareholding % as on 31-03-2016	49.67
Description of how there is significant influence	By virtue of Share Holding
Reason why associate is not consolidated	—
Net Worth attributable to Shareholding (Rs. in Lakhs)	14.20
Profit / Loss for the year (Consolidated) (Rs. in Lakhs)	3.26
a) Considered in Consolidation (Rs. in Lakhs)	1.61
b) Not Considered in Consolidation (Rs. in Lakhs)	1.65

1. Name of associates which are yet to commence operations- NIL
2. Name of associates which have been liquidated or sold during the year - NIL

As per our report annexed
For M.S. JAGANNATHAN & N. KRISHNASWAMI
Chartered Accountants
Firm Registration No. 001208S

K. SRINIVASAN
Partner
Membership No. 021510

Rajapalaiyam,
28th May, 2016.

For and on behalf of the Board
P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

P.R. RAMASUBRAMANIAN
CHIEF FINANCIAL OFFICER

A. EMARAJAN
SECRETARY

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE II TO DIRECTORS' REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY POLICY (CSR) ACTIVITIES

1. A brief outline of the Company's CSR policy:

The objective of the CSR Policy is to;

- a. Ensure an increased commitment at all levels in the organization, to operate its business in an economically, socially & environmentally sustainable manner, while recognising the interests of all its stakeholders.
- b. To directly or indirectly take up programmes that benefit the communities in & around its work locations and results, over a period of time, in enhancing the quality of life & economic well being of the local populace.
- c. To generate, through its CSR initiatives, a community goodwill for the Company and help reinforce a positive & socially responsible image of the Company as a corporate entity.

Weblink to the CSR Policy: <http://www.ramarajusurgical.com/corporate-social-responsibility-policy.pdf>

2. Composition of the CSR Committee:

- a. Shri P.R. Ramasubrahmaneya Rajha, Chairman
- b. Smt. R. Nalina Ramalakshmi, Member
- c. Shri N.K. Shrikantan Raja, Member
- d. Shri S.N. Rama Raju, Member*

* Demised on 06-05-2016.

3. Average Net Profit of the Company for last three financial years:

Average Net Profit: Rs. 1,627.28 Lakhs.

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above):

The Company is required to spend Rs. 32.55 Lakhs towards CSR.

5. Details of CSR spent during the financial year:

- a. Total amount spent during the financial year: Rs.10.83 Lakhs.
- b. Amount unspent, if any: Rs. 21.72 Lakhs .

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE II TO DIRECTORS' REPORT

c. Manner in which the amount spent during the financial year is detailed below:

Sl. No.	CSR Project or Activity identified & Sector in which the project is covered	Locations	Amount Outlay (Budget) Project or Programs wise	Amount Spent on the project or programmes	Cumulative Expenditure upto reporting period	Amount spent: Direct or through implementing agency
			Actuals (Rs. in Lakhs)	Direct Expenditure		Spent Directly (Rs. in lakhs)
1.	Promotion of Healthcare including Preventive Healthcare	Rajapalaiyam (Tamil Nadu)	0.08	0.08	0.08	0.08
2.	Promotion and Development of Traditional Arts	Rajapalaiyam (Tamil Nadu)	1.00	1.00	1.00	1.00
3.	Eradication of Hunger	Rajapalaiyam (Tamil Nadu) Silvassa (Gujarat) & Jaggayyapet (Andhra Pradesh)	2.78	2.78	2.78	2.78
4.	Promotion of Education	Rajapalaiyam Subramaniapuram (Tamil Nadu) Silvassa (Gujarat) & Jaggayyapet (Andhra Pradesh)	6.04	6.04	6.04	6.04
5.	Restoration of Building and Sites of Historical Importance	Tiruchendur (Tamil Nadu)	0.83	0.83	0.83	0.83
6.	Contribution to Flood Relief Fund	Tamil Nadu	0.10	0.10	0.10	0.10
Total			10.83	10.83	10.83	10.83

The CSR Committee confirms that the implementation and monitoring of CSR policy is in compliance with CSR objectives and policy of the Company.

Smt. R. NALINA RAMALAKSHMI
MANAGING DIRECTOR

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

28th May, 2016,
Rajapalaiyam.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE III TO DIRECTORS' REPORT

**Conservation of Energy, Technology Absorption and
Foreign Exchange Earnings and Outgo**

*[Pursuant to Section 134(3)(m) of the Companies Act, 2013
read with Rule 8(3) of Companies (Accounts) Rules 2014]*

A. CONSERVATION OF ENERGY

- (i) the steps taken on conservation of energy : Optimising the operation of Effluent Treatment Plant
Installation of 900 Nos. of LED Tube Lamps on lighting circuits.
Installation of Energy Efficient Motors.
Energy Audit has been conducted to reduce steam consumption.
- Impact on conservation of energy : Installation of 900 Nos. of LED Tube lamps resulted in power savings of around 1,00,000 units per annum.
Expected energy savings per annum is Rs. 35 Lakhs due to implementation of Energy Audit.
- (ii) the steps taken by the Company for utilising alternate sources of energy : Already the Company had invested on Windmills to generate green energy for their captive consumption.
- (iii) the capital investment on energy conservation equipments : NIL

B) TECHNOLOGY ABSORPTION:

- (i) the efforts made towards technology absorption : The Company has been adopting the latest technology to maintain Zero Liquid discharge system.
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution
- (iii) in case of imported Technology (imported during the last three years reckoned from the beginning of the financial year)
- (a) the details of technology imported : NIL

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE III TO DIRECTORS' REPORT

- (b) the year of import : NIL
- (c) whether the technology been fully absorbed : Not Applicable
- (d) if not fully absorbed, areas where absorption has not taken place and the reasons thereof and : Not Applicable
- (iv) the expenditure incurred on Research and Development : Not Applicable

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

The Foreign Exchange earned in terms of actual inflows during the year and : Rs. 2,609.06 Lakhs

the Foreign Exchange outgo during the year in terms of actual outflows. : Rs. 3,021.54 Lakhs

On behalf of the Board of Directors
For THE RAMARAJU SURGICAL COTTON MILLS LIMITED,

Rajapalaiyam,
28th May, 2016.

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE IV TO DIRECTORS' REPORT

Form No. MGT - 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2016

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U17111TN1939PLC002302
Registration Date	28-02-1939
Name of the Company	THE RAMARAJU SURGICAL COTTON MILLS LIMITED
Category / Sub-Category of the Company	Public Limited Company
Address of the Registered office and Contact details	RSCM Premises, P.A.C. Ramasamy Raja Salai, Rajapalaiyam - 626 117. Tamilnadu.
Whether listed company	No
Name, address and contact details of Registrar and Transfer Agent, if any	Share Transfer is being carried out in-house

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Business activities contributing 10% or more of the total turnover of the Company.

Name and Description of main products/ services	NIC Code of the Product / service	% to total turnover of the Company
Yarn	13111	78.73%
Absorbent Cotton Wool	21006	10.23%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
Sri Harini Textiles Limited, "Sri Bhavanam", 102, P.S.K. Nagar, Rajapalaiyam - 626 108.	U17111TN2005PLC057807	Associate	49.67	2(6)

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE IV TO DIRECTORS' REPORT

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-Wise Shareholding

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individuals/ Hindu Undivided Family	8,29,690	-	8,29,690	42.04	8,30,390	-	8,30,390	42.08	0.04
b) Central Government	-	-	-	-	-	-	-	-	-
c) State Government(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	3,100	-	3,100	0.16	3,100	-	3,100	0.16	-
e) Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-
f) Any Others...	-	-	-	-	-	-	-	-	-
Sub Total (A)(1)	8,32,790	-	8,32,790	42.20	8,33,490	-	8,33,490	42.24	0.04
(2) Foreign									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-
e) Any Others	-	-	-	-	-	-	-	-	-
Sub Total (A)(2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	8,32,790	-	8,32,790	42.20	8,33,490	-	8,33,490	42.24	0.04

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE IV TO DIRECTORS' REPORT

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Financial Institutions / Banks	100	-	100	0.01	100	-	100	0.01	-
c) Central Government	-	-	-	-	-	-	-	-	-
d) State Government(s)	-	43,280	43,280	2.19	-	43,280	43,280	2.19	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) Foreign Institutional Investors	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1)	100	43,280	43,380	2.20	100	43,280	43,380	2.20	-
B (2) Non-Institutions									
a) Bodies Corporate									
i) Indian	9,650	1,000	10,650	0.54	9,650	1,000	10,650	0.54	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs.1 lakh	5,28,812	2,08,008	7,36,820	37.34	5,21,252	2,01,828	7,23,080	36.64	(0.70)
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	2,88,080	60,360	3,48,440	17.66	3,01,520	60,360	3,61,880	18.34	0.68
c) Others (specify)NRI	1,000	200	1,200	0.06	600	200	800	0.04	(0.02)
Sub-Total (B)(2)	8,27,542	2,69,568	10,97,110	55.60	8,33,022	2,63,388	10,96,410	55.56	(0.04)
C									
Total Public Shareholding (B) = (B)(1) + (B)(2)	8,27,642	3,12,848	11,40,490	57.80	8,33,122	3,06,668	11,39,790	57.76	(0.04)
Shares held by Custodians for GDRs & ADRs	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A)+(B)+(C)	16,60,432	3,12,848	19,73,280	100.00	16,66,612	3,06,668	19,73,280	100.00	-

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE IV TO DIRECTORS' REPORT

(ii) Shareholding of Promoters

Sl. No.	Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in Shareholding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to total Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to total Shares	
1.	Smt. R. Nalina Ramalakshmi	6,75,490	34.23	–	6,76,190	34.27	–	0.04
2.	Shri N.R.K. Ramkumar Raja	70,480	3.57	–	70,480	3.57	–	–
3.	Shri P.R. Ramasubrahmaneya Rajha	69,740	3.53	–	69,740	3.53	–	–
4.	Smt. Sharada Deepa	4,700	0.24	–	4,700	0.24	–	–
5.	Smt. R. Sudarsanam	4,680	0.24	–	4,680	0.24	–	–
6.	Shri P.R. Venketrama Raja	2,700	0.14	–	2,700	0.14	–	–
7.	M/s. Rajapalayam Mills Limited	2,000	0.10	–	2,000	0.10	–	–
8.	Smt. P.V. Srisandhya	1,700	0.09	–	1,700	0.09	–	–
9.	M/s. Sri Vishnu Shankar Mill Limited	1,100	0.06	–	1,100	0.06	–	–
10.	Smt. P.V. Nirmala	200	0.01	–	200	0.01	–	–
	TOTAL	8,32,790	42.21	–	8,33,490	42.25	–	0.04

(iii) Change in Promoters' Shareholding

Sl. No.	Shareholding		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
	No. of Shares at the beginning (01-04-2015) / end of the year (31-03-2016)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	8,32,790	42.20	15.06.2015	200	Purchase	8,32,990	42.21
2.			23.10.2015	500	Purchase	8,33,490	42.25
3.	8,33,490	42.25					

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE IV TO DIRECTORS' REPORT

(iv) Shareholding Pattern of top ten Shareholders (other than Directors and Promoters)

Sl. No.	Name	Shareholding		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
		No. of Shares at the beginning (01-04-2015) / end of the year (31-03-2016)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	Shri Govindlal M Parikh	66,040	3.35	-	-	-	66,040	3.35
2.	Smt. Ramachandra Raja Chittammal	40,300	2.04	-	-	-	40,300	2.04
3.	Shri Krishnamuthy V	32,800	1.66	-	-	-	32,800	1.66
4.	Smt. Chinmay G Parikh	31,800	1.61	-	-	-	31,800	1.61
5.	Director of Handloom & Textiles	26,400	1.34	-	-	-	26,400	1.34
6.	Smt. Sitalakshmi	21,240	1.08	-	-	-	21,240	1.08
7.	Shri M.A.A. Annamalai	20,160	1.02	-	-	-	20,160	1.02
8.	Smt. Sandhya G Parikh	17,600	0.89	-	-	-	17,600	0.89
9.	Director of Industries & Commerce	16,880	0.86	-	-	-	16,880	0.86
10.	Smt. Sethulakshmi Jayaraman	15,720	0.80	-	-	-	15,720	0.80

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE IV TO DIRECTORS' REPORT

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Name	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
		No. of Shares at the beginning (01-04-2015) / end of the year (31-03-2016)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	Shri P.R. Ramasubrahmaneya Rajha	69,740	3.53	-	-	-	69,740	3.53
2.	Smt. R. Nalina Ramalakshmi	6,75,490	34.23	15.06.2015	200	Purchase	6,75,690	34.24
				23.10.2015	500	Purchase	6,76,190	34.27
3.	Shri N.R.K. Ramkumar Raja	70,480	3.57	-	-	-	70,480	3.57
4.	Shri P.R. Venketrana Raja	2,700	0.14	-	-	-	2,700	0.14
5.	Shri N.K. Shrikanta Raja	5,960	0.30	-	-	-	5,960	0.30
6.	Shri P.J. Alaga Raja	5,880	0.30	-	-	-	5,880	0.30
7.	Shri S.N. Rama Raju*	4,640	0.24	-	-	-	4,640	0.24
8.	Shri P.J. Ramkumar Rajha	4,020	0.20	-	-	-	4,020	0.20

* Demised on 06-05-2016

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE IV TO DIRECTORS' REPORT

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment
(Rs. in Lakhs)

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the Beginning of the financial year				
i) Principal Amount	15,889.48	3,388.41	–	19,277.89
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i + ii + iii)	15,889.48	3,388.41	–	19,277.89
Change in Indebtedness during the financial year				
Addition	6,155.82	499.95	–	6,655.77
Reduction	4,624.90	–	–	4,624.90
Net Change	1,530.92	499.95	–	2,030.87
Indebtedness at the end of the financial year				
i) Principal Amount	17,420.40	3,888.36	–	21,308.76
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i + ii + iii)	17,420.40	3,888.36	–	21,308.76

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE IV TO DIRECTORS' REPORT

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and / or Manager: (Rs. in Lakhs)

Sl. No.	Particulars of Remuneration	Smt. R. Nalina Ramalakshmi, Managing Director	Shri N.R.K. Ramkumar Raja, Managing Director	Total Amount
1	Gross salary			
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	120.00	7.76	127.76
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-
	c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	as % of profit	-	-	-
	Others	-	-	-
5	Others : Contribution to Provident Fund	14.40	0.04	14.44
	Contribution to Superannuation Trust Fund	1.00	1.00	2.00
	Total (A)	135.40	8.80	144.20
	Ceiling as per Act	Managing Director remuneration is fixed at 5% of net profits of the Company per Managing Director and in case, no profits or inadequacy of profits, each Managing Director shall be paid the maximum remuneration as per Section II, Part II of Schedule V of the Companies Act, 2013 which works out of Rs.120 Lakhs per annum.		

B. REMUNERATION TO OTHER DIRECTORS:

1. Independent Directors

(Rs. in Lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Shri S.N. Rama Raju	Shri P.J. Alaga Raja	Shri P.J. Ramkumar Rajha	Justice Shri P.P.S. Janardhana Raja	Shri V. Santhana Raman	
1	Fee for attending board / committee meetings	0.95	1.05	0.65	0.65	0.65	3.95
2	Commission	-	-	-	-	-	-
3	Others	-	-	-	-	-	-
	Total B (1)	0.95	1.05	0.65	0.65	0.65	3.95

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE IV TO DIRECTORS' REPORT

2. Other Non-Executive Directors

(Rs. in Lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Shri P.R. Ramasubrahmaneya Rajha	Shri P.R. Venketrama Raja	Shri N.K. Shrikantan Raja	Shri M. Sridharan	Shri S. Kanthimathinathan	
1	Fee for attending board/ Committee Meetings	0.90	0.45	1.20	0.45	0.60	3.60
2	Commission	-	-	-	-	-	-
3	Others	-	-	-	-	-	-
	Total B (2)	0.90	0.45	1.20	0.45	0.60	3.60
	Total B (1) + (2)						7.55
	Total managerial Remuneration (A+B)						151.75

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/ MANAGER/ WTD

(Rs. in Lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Shri P.R. Ramasubramanian, Chief Financial Officer	Shri A. Emarajan, Secretary	
1	Gross salary			
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	14.09	4.68	18.77
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.22	-	0.22
	c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- Others	-	-	-
5	Others	-	-	-
	Total	14.31	4.68	18.99

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE IV TO DIRECTORS' REPORT

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD/NCLT / COURT)	Appeal made, if any (give Details)
A. COMPANY Penalty Punishment Compounding			None		
B. DIRECTORS Penalty Punishment Compounding			None		
C. OTHER OFFICERS IN DEFAULT Penalty Punishment Compounding			None		

On behalf of the Board of Directors,
For THE RAMARAJU SURGICAL COTTON MILLS LIMITED,

Rajapalaiyam,
28th May, 2016.

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE V TO DIRECTORS' REPORT

DISCLOSURE RELATING TO REMUNERATION AS PER RULE 5(2) AND (3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Employed throughout the financial year 2015-16 and was in receipt of remuneration in the aggregate of not less than Rs.60 Lakhs.

Sl. No.	Name of Employee	Age (Years)	Designation	Remuneration Paid / Payable (Rs. in Lakhs)	Qualification and Experience (Years)	Date of Commencement of Employment	Last Employment
1	Smt. R. Nalina Ramalakshmi	53	Managing Director	135.40	B.Sc., M.S.C.S., and 13 years	July 2, 2003	–

NOTE:

1. The Managing Director's employment is contractual.
2. Remuneration includes Salary, Company's contribution to Provident Fund and Superannuation Fund, but does not include Provision for Gratuity and Leave Encashment.
3. The Managing Director is related to Shri P.R. Ramasubrahmaneya Rajha, Chairman, Shri N.R.K. Ramkumar Raja, Managing Director and Shri P.R. Venketrama Raja, Director

Employed for part of the financial year 2015-16 and was in receipt of remuneration in the aggregate of not less than Rs.5 Lakhs Per Month.

Sl. No.	Name of Employee	Age (Years)	Designation	Remuneration Paid / Payable (Rs. in Lakhs)	Qualification and Experience (Years)	Date of Commencement of Employment	Last Employment
1	Shri N.R.K. Ramkumar Raja	59	Managing Director	8.80	B.Tech., ME and 13 years	Feb. 14, 2016	–

NOTE:

1. The Managing Director's employment is contractual.
2. Remuneration includes Salary, Company's contribution to Provident Fund and Superannuation Fund, but does not include Provision for Gratuity and Leave Encashment.
3. The Managing Director is related to Shri P.R. Ramasubrahmaneya Rajha, Chairman, Smt. R. Nalina Ramalakshmi, Managing Director and Shri N.K. Shrikantan Raja, Director.

On behalf of the Board of Directors,
For THE RAMARAJU SURGICAL COTTON MILLS LIMITED,

Rajapalaiyam,
28th May, 2016.

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

INDEPENDENT AUDITORS' REPORT

To the Members of M/s. The Ramaraju Surgical Cotton Mills Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of The Ramaraju Surgical Cotton Mills Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

INDEPENDENT AUDITORS' REPORT

to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, its Profit and its Cash Flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 2) As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the Directors as on 31st March, 2016 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
 - f) We have enclosed our separate report in "Annexure B" with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

INDEPENDENT AUDITORS' REPORT

effectiveness of such controls. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us.
- i. The details of the pending litigations and its impact on the financial statements have been disclosed in Note No 26.4 of the 'Disclosures forming part of Standalone Financial Statements' for the year ended 31st March, 2016.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For M.S. JAGANNATHAN & N. KRISHNASWAMI
Chartered Accountants
Firm Registration No. 001208S

K. SRINIVASAN
Partner
Membership No. 021510

Rajapalaiyam,
28th May, 2016.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended 31st March, 2016:

- 1) Fixed Assets
 - 1.1 The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
 - 1.2 The fixed assets were physically verified during the year by the Management in accordance with the regular programme of verification which, in our opinion, provides for physical verification of all fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed during such verification.
 - 1.3 According to the information and explanations given to us, and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- 2) Inventory
 - 2.1 The management has conducted the physical verification of inventory at reasonable intervals.
 - 2.2 The discrepancies noticed on verification between the physical stocks and the book records were properly dealt with in the books of account and were not material.
- 3) The Company has granted the loan to a party listed in the Register maintained under Section 189 of the Act. The maximum outstanding at any time during the year is Rs.10 Lakhs; (PY Rs.10 Lakhs) and the amount outstanding as on 31st March, 2016 is Rs.10 Lakhs (PY Rs.10 Lakhs)
 - 3.1 In our opinion, the terms and conditions on which the loan has been granted to the party listed in the register maintained under Section 189 of the Act are not prejudicial to the interest of the Company.
 - 3.2 The payment of the principal and the interest wherever applicable are regular.
 - 3.3 There are no overdue amounts in respect of the loan granted to a party listed in the register maintained under section 189 of the Act.
- 4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Section 185 and 186 of the Act, in respect of loans, investments, guarantees and security.
- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

6) The Company is maintaining the accounts and records which have been specified by the Central Government under Section 148(1) of the Act.

7) Undisputed and disputed taxes and duties

7.1 The Company is regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at 31st March, 2016 for a period of more than six months from the date they became payable.

7.2 The Disputed statutory dues aggregating to Rs.101.10 Lakhs (PY Rs. 97.34 Lakhs) that have been deposited on account of matters pending before appropriate authorities are as under.

(Rs. in Lakhs)

Subject	Forum	As on 31-03-2016	As on 31-03-2015
Electricity Matters	TN Electricity Regulatory Commission / Appellate Tribunal for Electricity	96.26	92.50
Sales Tax Matters	TNVAT	4.84	4.84
Total		101.10	97.34

8) The Company has not defaulted in repayment of dues to Financial Institutions or Banks.

9) The Company did not raise any money by way of initial public offer or further public offer. The Company has raised term loans from banks and the proceeds have been applied for the purposes for which they were raised.

10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

11) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of Clause 3 (xii) of the Order are not applicable to the Company.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

- 13) In our opinion, all transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the financial statements as required by the applicable accounting standards.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3 (xiv) of the Order are not applicable to the Company.
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, the provisions of Clause 3 (xv) of the Order are not applicable to the Company.
- 16) In our opinion, the company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of Clause 3 (xvi) of the Order are not applicable to the Company.

For M.S. JAGANNATHAN & N. KRISHNASWAMI
Chartered Accountants
Firm Registration No. 001208S

K. SRINIVASAN
Partner
Membership No. 021510

Rajapalaiyam,
28th May, 2016.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

"Annexure B" to the Independent Auditor's Report of even date on the Standalone Financial Statements of The Ramaraju Surgical Cotton Mills Limited.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of The Ramaraju Surgical Cotton Mills Limited ("the Company") as on 31st March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M.S. JAGANNATHAN & N. KRISHNASWAMI
Chartered Accountants
Firm Registration No. 001208S

K. SRINIVASAN
Partner
Membership No. 021510

Rajapalaiyam,
28th May, 2016.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

STANDALONE BALANCE SHEET AS AT 31ST MARCH 2016

	Note No.	As at 31-03-2016	(Rs. in Lakhs) As at 31-03-2015
EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
Share Capital	1	197.33	197.33
Reserves and Surplus	2	6,647.34	5,790.99
		6,844.67	5,988.32
(2) Non Current Liabilities			
Long-Term Borrowings	3	10,492.45	7,285.84
Deferred Tax Liabilities (Net)	4	3,046.51	2,854.24
Long term Provisions	5	480.77	393.03
		14,019.73	10,533.11
(3) Current Liabilities			
Short-Term Borrowings	6	7,826.64	9,291.63
Trade Payables		696.12	544.29
Other Current Liabilities	7	3,476.89	3,318.68
Short Term Provisions	8	484.65	499.88
		12,484.30	13,654.48
TOTAL		33,348.70	30,175.91
ASSETS			
(1) Non Current Assets			
Fixed Assets			
Tangible Assets	9	16,581.48	17,748.64
Intangible Assets	9	8.75	9.97
Capital Work-in-Progress		1,470.62	6.88
		18,060.85	17,765.49
Non Current Investments	10	1,113.12	1,128.58
Long Term Loans and Advances	11	327.39	182.38
Other Non Current Assets	12	1,776.10	1,634.05
(2) Current Assets			
Inventories	13	6,121.92	5,099.03
Trade Receivables	14	1,655.18	3,012.51
Cash and Cash Equivalents	15	281.46	160.34
Short Term Loan and Advances	16	2,995.07	306.99
Other Current Assets	17	1,017.61	886.54
		12,071.24	9,465.41
TOTAL		33,348.70	30,175.91
Significant Accounting Policies	25		
Notes on Financial Statements	26		

The notes form an integral part of these financial statements.

As per our report annexed
For M.S. JAGANNATHAN & N. KRISHNASWAMI
Chartered Accountants
Firm Registration No. 001208S

K. SRINIVASAN
Partner
Membership No. 021510

Rajapalaiyam,
28th May, 2016.

For and on behalf of the Board
P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

P.R. RAMASUBRAMANIAN
CHIEF FINANCIAL OFFICER

A. EMARAJAN
SECRETARY

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016

		(Rs. in Lakhs)	
	Note No.	For the year ended 31-03-2016	For the year ended 31-03-2015
I	REVENUE		
	Revenue from Operations	24,908.09	32,931.33
	Less: Excise Duty	<u>239.80</u>	<u>207.92</u>
		24,668.29	32,723.41
II	Other Income	<u>882.02</u>	<u>175.56</u>
III	Total Revenue (I+II)	<u>25,550.31</u>	<u>32,898.97</u>
IV	EXPENSES		
	Cost of Materials Consumed	11,899.77	12,816.29
	Trade Purchase	1,706.21	7,519.60
	Changes in Inventories of Finished Goods and Work-in-Progress	21 (1,176.13)	437.02
	Employee Benefit Expenses	22 2,488.64	2,447.46
	Finance Costs	23 1,768.26	1,905.34
	Depreciation	9 & 10 1,484.04	1,215.62
	Others Expenses	24 6,099.88	<u>5,942.74</u>
	Total Expenses	<u>24,270.67</u>	<u>32,284.07</u>
V	Profit Before Tax (III-IV)	1,279.64	614.90
VI	Tax Expenses		
	Current Tax - MAT	26 (5) 234.54	119.58
	Income Tax expenses relating to earlier years	89.50	-
	Deferred Tax	201.02	169.56
	MAT Credit entitlement for the Earlier Years Withdrawn	92.49	44.33
	MAT Credit entitlement	(234.54)	<u>(119.58)</u>
VII	Profit After Tax (V-VI)	<u>896.63</u>	<u>401.01</u>
VIII	Earnings per Equity Share of Rs. 10/- each	45.44	20.32
	Basic & Diluted (In Rupees) (Refer to Item No. 12 of Note No. 26)		
	Significant Accounting Policies	25	
	Notes on Financial Statements	26	

The notes form an integral part of these financial statements

As per our report annexed
For M.S. JAGANNATHAN & N. KRISHNASWAMI
Chartered Accountants
Firm Registration No. 001208S

K. SRINIVASAN
Partner
Membership No. 021510

Rajapalaiyam,
28th May, 2016.

For and on behalf of the Board
P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

P.R. RAMASUBRAMANIAN
CHIEF FINANCIAL OFFICER

A. EMARAJAN
SECRETARY

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016
(Rs. in Lakhs)

	2015-16	2014-15
A. Cash Flow from Operating Activities		
Net Profit before Tax and Extraordinary Items	1,279.64	614.90
Adjustments for :		
Depreciation	1,484.04	1,215.62
Interest Paid	1,768.26	1,905.34
Interest Received	(44.18)	(26.02)
Dividend Received	(180.68)	(44.42)
(Profit) / Loss on Sale of Assets & Investments	(558.19)	18.00
	3,748.89	3,683.42
Operating Profit before Working Capital Changes		
Adjustments for :		
Trade Receivables	1,357.33	54.70
Loans and Advances	(3,164.40)	659.19
Inventories	(1,022.89)	1,726.08
Trade Payables and Current Liabilities	121.77	(1,118.79)
Cash generated from Operations	1,040.70	5,004.60
Income Tax Paid	(123.80)	(94.67)
Net Cash generated from Operating Activities	A 916.90	4,909.93
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets (including Capital Work-in-Progress)	(1,817.91)	(709.96)
Investment in Shares	(0.55)	(1.63)
Sale of Investments	572.55	2.04
Sale of Assets	14.89	9.40
Interest Received	44.18	26.02
Dividend Received	180.68	44.42
Net Cash from / (used) in Investing Activities	B (1,006.16)	(629.71)

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

(Rs. in Lakhs)

		2015-16	2014-15
C. Cash Flow from Financing Activities			
Repayment of Long Term Borrowings		(2,659.92)	(3,317.32)
Proceeds of Long Term Borrowings		6,155.80	1,877.81
Increase / (Decrease) in Working Capital Borrowings		(1,464.99)	(803.01)
Payment of Dividend and Tax thereon		(52.25)	(69.26)
Interest Paid		(1,768.26)	(1,905.34)
Net cash used in Financing Activities	C	210.38	(4,217.12)
Net Increase in Cash and Cash Equivalents	(A+B+C)	121.12	63.10
Opening balance of Cash and Cash Equivalents (Refer to Note No.15)	D	160.34	97.24
Closing balance of Cash and Cash Equivalents (Refer to Note No.15)	E	281.46	160.34
Net Increase in Cash and Cash Equivalents	(E-D)	121.12	63.10

As per our report annexed
For M.S. JAGANNATHAN & N. KRISHNASWAMI
Chartered Accountants
Firm Registration No. 001208S

K. SRINIVASAN
Partner
Membership No. 021510

Rajapalaiyam,
28th May, 2016.

For and on behalf of the Board
P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

P.R. RAMASUBRAMANIAN
CHIEF FINANCIAL OFFICER

A. EMARAJAN
SECRETARY

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in Lakhs)

As at
31-03-2016 As at
31-03-2015

NOTE NO. 1

SHARE CAPITAL

Authorised

30,00,000 Equity Shares of Rs.10/- each 300.00 300.00

Issued, Subscribed and Fully Paid-up

19,73,280 Equity Shares of Rs.10/- each 197.33 197.33
197.33 197.33

- a. Issued, Subscribed and fully paid-up Shares includes 18,08,280 Shares of Rs. 10/- each, which were allotted as fully paid Bonus Shares by Capitalisation of Reserves.
- b. Reconciliation of the number of shares outstanding:

Particulars	As at 31-03-2016		As at 31-03-2015	
	No. of Shares	Amount	No. of Shares	Amount
Number of shares at the beginning	19,73,280	197.33	19,73,280	197.33
Number of Shares at the end	19,73,280	197.33	19,73,280	197.33

- c. List of Shareholders holding more than 5 percent in the Company:

Particulars	As at 31-03-2016		As at 31-03-2015	
	No. of Shares	% of holding	No. of Shares	% of holding
Smt. R. Nalina Ramalakshmi	6,76,190	34.27	6,75,490	34.23

- d. Aggregate number of Equity Shares allotted as fully paid up by way of bonus shares during the last 5 years : 9,86,640.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	As at 31-03-2016	As at 31-03-2015
NOTE NO. 2		
RESERVES AND SURPLUS		
Capital Reserve	17.63	17.63
General Reserve		
Balance as per last Financial Statement	5,618.48	5,272.73
Less : Residual Value of Components / Assets whose remaining useful life is nil, net of Deferred Tax [Refer to Note No. 26(10)]	16.53	54.25
Add : Balance through from Surplus balance in the Statement of Profit and Loss	<u>900.00</u>	<u>400.00</u>
	6,501.95	5,618.48
Surplus in Statement of Profit and Loss		
Balance as per last Financial Statement	154.88	182.37
Add : Profit for the year	896.63	401.01
Balance available for appropriations	<u>1,051.51</u>	<u>583.38</u>
Less : Appropriations		
Interim Dividend [Amount per share Rs.1.00]	19.73	–
Tax on Interim Dividend	4.02	–
Proposed Equity Dividend [Amount per share : Nil (PY : Rs.1.20)]	–	23.68
Tax on Proposed Equity Dividend	–	4.82
Transfer to General Reserve	900.00	400.00
Net Surplus in the Statement of Profit and Loss	<u>127.76</u>	<u>154.88</u>
	<u>6,647.34</u>	<u>5,790.99</u>

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in Lakhs)

As at
31-03-2016 As at
31-03-2015

NOTE NO. 3

LONG TERM BORROWINGS

Secured

Term Loan from Banks 4,992.45 7,285.84

Unsecured

Working Capital Term Loan from Banks 5,500.00 –

10,492.45 7,285.84

a) Term Loan from Banks are secured by *pari-passu* first charge on the fixed assets of the Company and *pari-passu* second charge on the current assets of the Company.

b) Out of above Term Loan from Indian Bank amounting to **Rs. 786.82** Lakhs (PY: Rs. 823.44 Lakhs) are secured by pledge of 36.24 Lakhs Equity share held in The Ramco Cements Limited.

Further Term Loan from Indian Bank amounting to **Rs. 383.44** Lakhs (PY: Rs. 737.44 Lakhs) and Term Loan from Canara Bank **Rs. 3,097.91** Lakhs (PY: Rs. 4,137.35 Lakhs) are backed by Corporate Guarantee of M/s Rajapalayam Mills Limited.

c) The Term Loans from Banks are repayable in quarterly installments. The year wise repayment of Term Loans are as follows:

Year	Amount	Amount
2016-17	–	2,995.00
2017-18	3,297.62	1,932.00
2018-19	2,872.36	1,500.44
2019-20	2,057.67	708.54
2020-21	1,564.80	149.86
2021-22	700.00	–
	<u>10,492.45</u>	<u>7,285.84</u>

NOTE NO. 4

DEFERRED TAX LIABILITY

Deferred Tax Liability

Tax effect on difference between book depreciation and depreciation under the Income Tax Act, 1961 3,222.54 3,387.84

Deferred Tax Asset

Tax effect on unabsorbed depreciation under Income Tax Act, 1961 (76.99) (434.95)

Tax effect on Provision for Bonus and Leave Encashment (99.04) (98.65)

Net Deferred Tax Liability 3,046.51 2,854.24

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

	As at 31-03-2016	(Rs. in Lakhs) As at 31-03-2015
NOTE NO. 5		
LONG TERM PROVISIONS		
Provision for Employee Benefits	148.31	94.57
Ramaraju Memorial Fund	332.46	298.46
	480.77	393.03
NOTE NO. 6		
SHORT TERM BORROWINGS		
Secured		
Loan Repayable on Demand from Banks *	3,938.28	5,903.22
Unsecured		
Loan Repayable on Demand from Banks	2,992.45	3,206.49
Loan from Other Parties	0.35	0.36
Loan from Related Parties [Refer to Note No. 26(6)]	895.56	181.56
	7,826.64	9,291.63
* Loan Repayable on Demand from Banks are secured by pari-passu first charge on the current assets of the Company and pari-passu second charge on the fixed assets of the Company.		
NOTE NO. 7		
OTHER CURRENT LIABILITIES		
Current Maturities of Long Term Debts	2,989.67	2,700.43
Unclaimed Dividends	10.43	10.29
Liabilities for Other Finance	476.79	607.96
	3,476.89	3,318.68
NOTE NO. 8		
SHORT TERM PROVISIONS		
Provision for Employee Benefits	284.41	351.80
Provision for Taxation	200.24	119.58
Proposed Equity Dividend	-	23.68
Provision for Tax on Proposed Equity Dividend	-	4.82
	484.65	499.88

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAYAM.
NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

NOTE NO. 9
FIXED ASSETS

Particulars	Gross Block							Depreciation							Net Block	
	Cost as at 01-04-2015	Additions during the year	Additions L.Y. 2014-15	Sold / withdrawn during the year	Sold / Withdrawn L.Y. 2014-15	Cost as at 31-03-2016	Upto 31-Mar-2015 2014-15	Adjustment made during the year #	Adjustment made L.Y. 2014-15*	For the year 2015-16 *	For L.Y. 2014-15	Withdrawn during the year 2015-16	Withdrawn L.Y. 2014-15	Upto 31-03-2016	As at 31-03-2016	As at 31-03-2015
Tangible Assets																
Land	548.45	-	-	-	-	548.45	-	-	-	-	-	-	-	-	548.45	548.45
Buildings	4,279.42	30.86	45.81	-	-	4,310.28	1,256.28	27.02	168.83	173.76	-	-	-	1,425.11	2,885.17	3,023.14
Plant and Machinery	23,545.77	256.38	568.47	138.08	82.12	23,664.07	10,575.83	20.55	1,011.38	745.48	124.84	55.07	-	11,482.92	12,181.15	12,969.94
Electrical Machinery	2,116.63	19.81	73.73	-	2.17	2,136.44	1,008.55	4.73	281.31	265.95	-	2.05	-	1,294.59	841.85	1,108.08
Furniture, Office Equipments	234.31	5.16	7.88	0.07	-	239.40	197.81	-	8.12	8.68	0.07	-	-	205.86	33.54	36.50
Vehicles	153.21	41.97	14.07	0.56	2.21	194.62	90.70	-	13.00	10.71	0.38	1.98	-	103.32	91.30	62.51
Loose Tools	0.09	-	-	-	-	0.09	0.07	-	-	-	-	-	-	0.07	0.02	0.02
Total -Tangible Assets	30,877.88	354.18	709.96	138.71	86.50	31,093.35	13,129.24	25.28	1,482.64	1,204.58	125.29	59.10	-	14,511.87	16,581.48	17,748.64
Intangible Assets																
Computer Software	198.01	-	-	-	-	198.01	188.04	-	1.22	10.85	-	-	-	189.26	8.75	9.97

Adjustment made during the year in Depreciation represents residual Value of Key Components to Assets, whole remaining useful life is nil (Refer Note No. 26(10)(a))

* Adjustment made during of L.Y. 2014-15 in Depreciation represents residual Value of Assets, Whole remaining useful life is nil (Refer Note No. 26(10)(b)).

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in Lakhs)

As at
31-03-2016 As at
31-03-2015

NOTE NO. 10

NON-CURRENT INVESTMENTS

A. Investment Property

Building	8.72	8.72
Less: Accumulated depreciation as at the beginning of the year	1.81	1.62
Depreciation for the year	0.18	0.19

Total Investment property	(A)	<u>6.73</u>	<u>6.91</u>
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B. Investment in Equity Instruments, Non-Trade

	Name of the Company	No. of Shares	Total face Value	Cost	Cost
1) Quoted					
	M/s. The Ramco Cements Limited	36,24,000	36.24	19.86	19.86
	M/s. Ramco Industries Limited	1,35,880	1.36	0.53	0.53
	M/s. Rajapalayam Mills Limited	135,200	13.52	12.98	28.81
	M/s. Ramco Systems Limited	12,739	1.27	12.15	12.15
	Sub-Total			<u>45.52</u>	<u>61.35</u>

2) Unquoted

Associate Company

M/s. Sri Harini Textiles Limited	14,90,000	149.00	149.00	149.00
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Other Companies

M/s. Sri Vishnu Shankar Mill Limited	11,200	1.12	1.68	1.68
M/s. Ontime Industrial Services Limited	26,300	2.63	2.63	2.63
M/s. Ramco Windfarms Limited	7,00,000	7.00	7.00	7.00
M/s. Shri Harini Media limited	60,00,500	60.01	60.01	60.01
M/s. ARS Energy Private Limited	200	0.02	0.55	-

Sub-Total		<u>220.87</u>	<u>220.32</u>
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Total Quoted & Unquoted investments	(B)	266.39	281.67
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C. Investment in Preference Shares, Non-Trade

M/s. Shri Harini Media Ltd - 9% Non Convertible Redeemable Preference Shares	8,40,00,000	(C)	840	840.00	840.00
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Aggregate Value of Total Investment	(A+B+C)	<u>1,113.12</u>	<u>1,128.58</u>
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Aggregate Value of:

Quoted Investments - Cost		45.52	61.35
- Market Value		15,171.45	12,122.80
Unquoted Investments - Cost		1,067.60	1,067.23

Refer to Item No. 11 of Note No. 25

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

	As at 31-03-2016	(Rs. in Lakhs) As at 31-03-2015
NOTE NO. 11		
LONG TERM LOANS AND ADVANCES		
Unsecured, Considered good		
Loans and Advances to Related Parties <i>[Refer to Note No. 26(14)]</i>	10.00	10.00
Security Deposits	317.39	172.38
	<u>327.39</u>	<u>182.38</u>
NOTE NO. 12		
OTHER NON CURRENT ASSETS		
MAT Credit Entitlement	1,776.10	1,634.05
	<u>1,776.10</u>	<u>1,634.05</u>
NOTE NO. 13		
INVENTORIES		
Finished goods	2,547.91	1,460.54
Rawmaterials - Cotton & Cotton Waste	2,893.78	3,068.62
Stores, Spares and Packing Materials	207.41	185.81
Work-in-Progress	472.82	384.06
	<u>6,121.92</u>	<u>5,099.03</u>
Details of Work-in-Progress		
Yarn	384.08	295.97
Surgical Dressings	88.74	88.09
	<u>472.82</u>	<u>384.06</u>
<i>Method of valuation of inventories are disclosed in Significant Accounting Policies in Note No. 25(4).</i>		
NOTE NO. 14		
TRADE RECEIVABLES		
Unsecured and Considered good		
Trade Receivables less than Six Months	1,655.18	3,012.51
	<u>1,655.18</u>	<u>3,012.51</u>
NOTE NO. 15		
CASH AND BANK BALANCES		
Cash on Hand	1.77	4.39
Balance with Bank		
In Current Account	140.76	106.18
In Deposit Account for Margin Money	128.50	39.48
In Unclaimed Dividend Warrant Account	10.43	10.29
	<u>281.46</u>	<u>160.34</u>

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	As at 31-03-2016	As at 31-03-2015
NOTE NO. 16		
SHORT TERM LOANS AND ADVANCES		
Unsecured and Considered good		
Advance to Suppliers / Others	2,959.01	173.17
Advance Income Tax, TDS and Refund Receivables	36.06	133.82
	2,995.07	306.99
NOTE NO. 17		
OTHER CURRENT ASSETS		
Accrued Income	390.58	438.34
Prepaid Expenses	147.59	108.08
Other Current Assets	479.44	340.12
	1,017.61	886.54
NOTE NO. 18		
REVENUE FROM OPERATIONS		
Sale of Products		
Yarn	19,335.42	27,436.85
Surgical Dressings	3,807.36	3,791.59
Fabrics	981.67	921.72
Waste Cotton	673.84	503.43
	24,798.29	32,653.59
Other Operating Revenues		
Export Incentive	70.82	239.55
Job Work Charges Received	38.98	38.19
	24,908.09	32,931.33
NOTE NO. 19		
OTHER INCOME		
Interest Income	44.18	26.02
Rent Receipts	13.98	1.93
Dividend Income	180.68	44.42
Carbon Credit Sale	0.29	-
Industrial Promotion Assistance	14.46	16.48
Miscellaneous Income	4.64	14.01
Profit on Sale of assets and Investments	558.19	-
Exchange Gain on Foreign Currency Transactions	65.60	72.70
	882.02	175.56

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	For the year ended 31-03-2016	For the year ended 31-03-2015
NOTE NO. 20		
COST OF MATERIALS CONSUMED		
Yarn		
Cotton & Cotton Waste	11,327.68	12,423.13
Fabrics		
Yarn Consumed	572.09	393.16
	<u>11,899.77</u>	<u>12,816.29</u>
NOTE NO. 21		
CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
Opening stock		
Finished Goods	1,460.54	1,818.78
Work-in-Progress	384.06	462.84
	<u>1,844.60</u>	<u>2,281.62</u>
Less:		
Closing Stock		
Finished Goods	2,547.91	1,460.54
Work-in-Progress	472.82	384.06
	<u>3,020.73</u>	<u>1,844.60</u>
	<u>(1,176.13)</u>	<u>437.02</u>
NOTE NO. 22		
EMPLOYEE BENEFIT EXPENSES		
Salaries, Wages and Bonus	2,137.16	2,049.55
Contribution to Provident and Other Funds	256.85	282.07
Staff and Labour Welfare Expenses	94.63	115.84
	<u>2,488.64</u>	<u>2,447.46</u>
NOTE NO. 23		
FINANCE COSTS		
Interest Expenses	1,622.27	1,753.74
Other Borrowing Costs	69.01	52.02
Exchange Fluctuation (Net) applicable to Finance Costs	76.98	99.58
	<u>1,768.26</u>	<u>1,905.34</u>

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

	(Rs. in Lakhs)			
	For the year ended		For the year ended	
	31-03-2016		31-03-2015	
NOTE NO. 24				
OTHER EXPENSES				
MANUFACTURING EXPENSES				
Power and Fuel	2,870.66		2,714.35	
Packing Materials Consumption	696.76		613.45	
Job Work Charges Paid	75.45		66.53	
Repairs to Buildings	93.65		120.59	
Repairs to Plant and Machinery	567.89		535.06	
Repairs - General	459.90	4,764.31	426.01	4,475.99
ESTABLISHMENT EXPENSES				
Managing Directors Remuneration	144.19		135.40	
Rates and Taxes	61.51		51.99	
Postage and Telephone	19.95		16.40	
Printing and Stationery	10.13		9.57	
Travelling Expenses	46.97		30.07	
Vehicle Maintenance	57.18		60.11	
Insurance	48.62		48.91	
Directors Sitting Fees	8.59		8.89	
Rent	23.33		14.02	
Audit and Legal Expenses	19.05		12.80	
Miscellaneous Expenses	86.29		98.13	
Loss on Sale of Assets	-		18.00	
Corporate Social Responsibility Expenses	36.45	562.26	15.70	519.99
SELLING AND DISTRIBUTION EXPENSES				
Sales Commission	485.69		572.65	
Export Expenses	27.56		113.85	
Other Selling Expenses	260.06		260.26	
		773.31		946.76
		6,099.88		5,942.74

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

NOTE NO. 25

SIGNIFICANT ACCOUNTING POLICIES

1. Corporate Information:

The Ramaraju Surgical Cotton Mills Limited is a public limited company domiciled and headquartered in India and incorporated under the provisions of Companies Act. The Company is engaged in manufacture of Cotton Yarn and Pharmaceutical Products. The company caters the domestic as well as export markets.

2. Basis of preparation and presentation of financial statements

- (i) The financial statements have been prepared under the historical cost convention and in accordance with the generally accepted accounting principles in India and in compliance of the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of Companies Act, 2013 and Companies Act, 1956 to the extent applicable.
- (ii) The accounting policies that are adopted in preparation of the financial statements are consistently followed as in the previous years except for change in the accounting policy for depreciation as given below:

The Company was previously depreciating its tangible assets based on useful life prescribed by the Schedule II of the Companies Act, 2013 with effect from 01-04-2015, it became mandatory that the computation of depreciation has to be done based on useful life of significant components that are materially different from the remaining components of those assets. Accordingly, the useful life and the value of significant components of tangible asset have been determined based on technical advice.

As per the transitional provisions of Schedule II of the Companies Act, 2013 the Company opted to adjust the carrying amount of the components of assets (net of deferred tax) as on 01-04-2015 in the General Reserve, where the remaining useful life of components of such assets is Nil after retaining the residual value of 5%.

- (iii) The financial statements are presented in Indian Rupees rounded to the nearest Lakhs with two decimals, except as stated otherwise.
- (iv) The Company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.
- (v) The Company has considered its operating cycle as 12 months for the purpose of Current or Non-current classification of assets and liabilities.
- (vi) The previous year figures are regrouped / restated wherever necessary.

3. Use of Estimates

- (i) The preparation of financial statements in accordance with the generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates in the future periods.
- (ii) Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in current and future periods.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

4. Inventories

- (i) Raw materials, stores, spares etc., are valued at cost, including the cost incurred in bringing the inventories to their present location and condition after providing for obsolescence and other losses or net realisable value whichever is lower. However, these items are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost.
- (ii) Process stock is valued at cost including the cost of conversion with systematic allocation of production and administration overheads or net realisable value whichever is lower.
- (iii) Finished goods are valued at cost or net realisable value whichever is lower. Cost includes cost of conversion and other costs incurred in bringing the inventory to their present location and condition.
- (iv) Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

5. Cash Flow Statement

- (i) Cash flows are presented using indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.
- (ii) Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances, highly liquid investments that are readily convertible into cash.

6. Depreciation

- (i) Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount for assets is the cost of an asset or other amount substituted for cost less 5% being its residual value except for process control systems whose residual value is considered as Nil.
- (ii) Freehold lands are not depreciated.
- (iii) Depreciation is provided on straight-line method based on useful life of significant components of certain class of tangible assets viz., Plant & Machinery and Electrical Machinery based on technical advice.
- (iv) The Company determines the useful lives of the significant components of certain class of tangible assets on best estimate basis upon technical advice, which is different from the useful lives of remaining asset as prescribed under Part C of Schedule II of the Companies Act, 2013, as below:

Type of Plant and Machinery	Useful life of such components ranging from
Textile Machineries / Equipment	4 to 20 Years
Wind Mills	22 to 30 Years
HFO & DG Sets	12 to 24 Years
Electrical Machineries	3 to 5 years

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

- (v) The Company does not consider it appropriate to componentise certain class of tangible assets viz., Furniture & Office Equipments and Vehicles as these assets are generally replaced in entirety. For these classes of assets, the useful life prescribed in Schedule II of the Companies Act, 2013 have been adopted.
- (vi) Depreciation for tangible assets on additions is calculated on *pro-rata* basis from the date of such additions. For deletion / disposals, the depreciation is calculated on *pro-rata* basis upto the date on which such assets have been discarded / sold.
- (vii) Intangible Assets are amortised over their estimated useful life on straight line method. The estimated useful life of intangible assets is given below:

Nature of Intangible Assets	Estimated Useful Life
Computer Software	6 years

- (viii) The estimated useful life of the both tangible and intangible assets is reviewed each financial year to reflect the changed pattern, if any.

7. Revenue Recognition

- (i) Revenue is recognised to the extent that is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.
- (ii) Revenue from Operations:
 - i. Sale of products is recognised when the significant risks and rewards of ownership of the goods have been passed to the buyer. Sale value excludes Excise Duty, Education Cess, Secondary and Higher Education Cess, Trade Discounts, VAT / CST Rebates and Sales returns if any.
 - ii. Income from Job Work:
Income from job work is recognized on the basis of work executed as per the contract / agreement.
 - iii. Power generated from Wind Mills:
The monetary value of the power generated at wind farms that are consumed at Mills under wheeling and banking arrangement with TANGEDCO are not treated as revenue but have been set off against the cost of Power & Fuel. The value of unadjusted units available if any, at the end of the financial year and sold to the Electricity Board at an agreed rate / Tariff rate are recognised and shown as Income from Wind Mills.
- (iii) Other Income:
 - i. Dividend income is recognised when the Company's right to receive dividend is established by the reporting date.
 - ii. Industrial promotion assistance (IPA) is recognised when the Company's right to receive the same is established.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

- iii. Interest income and Rental income are recognised on time proportion basis.
- iv. Scrap Sales does not include Excise Duty, Education Cess, Secondary and Higher Education Cess, VAT / CST.
- v. Sale of carbon credits are recognised upon execution of firm sale contract for the eligible credits

8. Tangible Fixed Assets

- (i) Tangible Fixed Assets are stated at cost of acquisition (net of CENVAT / VAT wherever applicable) less accumulated depreciation / amortization and impairment losses if any, except freehold land which is carried at cost. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the asset beyond its previously assessed standard of performance.

Machinery spares that are purchased alongwith the original equipments, machineries which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised at cost.

Pursuant to Schedule II of the Companies Act, 2013, the Company has componentized all the tangible fixed assets except furniture & office equipments and vehicles. The cost of replacement of significant components are capitalised and the carrying amount of replaced components are de-recognized.

All other expenses on fixed assets including day-to-day repair and maintenance expenditure and cost of replacing parts are charged to the statement of profit and loss for the period during which such expenses are incurred.

- (ii) Fixed assets acquired in full or part exchange for another asset are recorded at the fair market value or the net book value of the asset given up, adjusted for any balancing cash transaction. Fair market value is determined either for the assets acquired or asset given up, whichever is more clearly evident.
- (iii) Gains / Losses arising from disposal of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of such asset are recognised in the Statement of Profit & Loss under "Other Income".
- (iv) Projects / tangible fixed assets are not yet ready for their intended use are carried at cost including related expenses and attributable interest are recognised as "Capital Work-in-Progress".

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

9. Foreign Currency Transactions

- (i) Transactions in Foreign Currency are accounted at the exchange rates prevailing at the time of transaction. The differences in exchange rates arising on the settlement of monetary items are recognized as income or expenses in the Statement of Profit and Loss.
- (ii) Monetary Assets and Liabilities in foreign currencies that are covered under a forward contract are accounted at the rate at which they have been covered. Uncovered Monetary Assets and Liabilities in foreign currencies are accounted at the rates as on the Balance Sheet date. The exchange difference on account of this is recognized in the Statement of Profit and Loss.
- (iii) The difference between the forward rate and the exchange rate at the inception of a forward exchange contract is recognized as income or expense over the life of contract. Any profit or loss arising on cancellation or renewal of such forward exchange contract is recognized as income or expense in the period in which such cancellation or renewal is made.

10. Government Subsidy / Grant

- (i) Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same. Receivables of such benefits are shown under Loans and Advances.
- (ii) Revenue related grants are recognised upon fulfilment of conditions attached thereto on accrual basis, wherever there is reasonable certainty and are disclosed as under:
 - a. Interest subsidy under Technology Up-gradation Fund Scheme (TUFS) is recognised on accrual basis and credited to the Interest and Finance Cost.
 - b. Power Subsidy under Industrial Investment Promotion Policy of Andhra Pradesh is credited to the Power & Fuel Cost.
 - c. Other subsidies under Industrial Investment Promotion Policy of Andhra Pradesh are credited to Industrial Promotion Assistance under Note No. 19 "Other Income".

11. Investments

- (i) All investments being non-current and non-trade are valued at cost. Costs of investments include acquisition charges such as brokerage, fees and duties.
- (ii) The carrying amount of long term investments is determined on an individual investment basis.
- (iii) As at the balance sheet date, provision for diminution, if any, is made to recognise the decline other than temporary, in the value of investments. The reduction in carrying amount is charged to statement of profit and loss. This reduction amount is reversed when there is a rise in the value of investment other than temporary.
- (iv) On disposal of an investment, the difference between the carrying amount and the net disposal proceeds is recognised in the Statement of Profit and Loss under "Other income".

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

12. Investment Property

- (i) An investment in land or buildings, which is not intended to be occupied substantially for use by or in the operations of the Company is classified as investment property.
- (ii) Investment properties are stated at cost, net of accumulated depreciation and accumulated impairment loss, if any.
- (iii) Depreciation on buildings under investment properties, which are held for rented to others is calculated on straight-line method based on useful life prescribed under Schedule II to the Companies Act, 2013.
- (iv) As at the balance sheet date, provision for diminution, if any, is made to recognise the decline other than temporary in the value of investment property. The reduction in carrying amount is charged to statement of profit and loss. This reduction amount is reversed when there is a rise in the value of investment property, other than temporary.
- (v) Gains or losses arising from disposal of investment properties are measured as the difference between the net disposal proceeds and the carrying amount of such investment properties are recognised in the statement of profit and loss.

13. Employee Benefits

- (i) Short-term employee benefit viz., Salaries and Wages are recognized as an expense at the undiscounted amount in the statement of profit and loss for the year in which the related service is rendered.
- (ii) Defined Contribution Plan viz., Contributions to Provident Fund and Superannuation Fund are recognized as an expense in the statement of profit and loss for the year in which the employees have rendered services.
- (iii) The Company contributes to Provident Fund administered by the Government on a monthly basis at 12% of employee's basic salary & dearness allowance.
- (iv) The Company also contributes for superannuation a sum equivalent to 15% of the employees' eligible annual basic salary subject to a maximum of Rs.1 Lakh per employee to "The Ramaraju Surgical Cotton Mills Limited Officers' Superannuation Trust Fund" administered by trustees and managed by LIC of India.

There are no other obligations other than the above defined contribution plans.

(v) **Defined Benefit Plan:**

(a) Gratuity:

The Company has its own approved Gratuity Fund. It is in the form of lump sum payments to vested employees on resignation, retirement, death while in employment or on termination of employment of an amount equivalent to 15 Days' basic salary payable for each completed year of service. Vesting occurs upon completion of five years of continuous service. The Company makes annual contributions to "The Ramaraju Surgical Cotton Mills Limited Employees' Gratuity Fund" administered

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by trustees and managed by LIC of India, based on the actuarial valuation by an independent external actuary as at the Balance Sheet date using the projected unit credit method.

(b) Leave Encashment:

The Company has a policy of allowing encashment of un-availed leave for its employees. The expense is recognized at the present value of the amount payable determined based on an independent external actuarial valuation as at the Balance Sheet date, using projected unit credit method.

Actuarial gains and losses, if any, in respect of Defined Benefit plans are charged to Statement of Profit and Loss.

14. Borrowing Costs

- (i) Borrowing cost include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan.
- (ii) Borrowing costs that are directly attributable to the acquisition and construction of qualifying assets are capitalised as a part of the cost of those assets upto the date of capitalization of such assets.

15. Segment Reporting

- (i) The Company prepares its segment information in conformity with accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.
- (ii) The Company identifies business segment as the primary segment. Under the primary segment, there are three reportable segments viz., Textiles, Surgicals and Power generation from Windmills.
- (iii) Segments were identified considering the nature of the products, the differing risks and returns as per Accounting Standard - 17 (Segment Reporting). The inter-segment transfers of units of power from windmills are recognized at the applicable tariff rates of the electricity boards for the purpose of segment reporting as per the relevant accounting standard.
- (iv) Costs are allocated to the respective segment based upon the actual incidence of respective cost. Unallocated items include general other income and expenses which are not allocated to any business segment.

16. Leases

- (i) Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vests with the Lessor are recognised as operating lease.
- (ii) Operating lease receipts and payments are recognised in the Statement of Profit and Loss on accrual basis as per the lease terms.

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17. Earnings per share

Basic earnings per share is computed by dividing net profit after tax by weighted average number of equity shares outstanding during the year.

18. Income tax

- (i) Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income tax Act, 1961 and other applicable tax laws.
- (ii) Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability is recognised as an asset to the extent there is convincing evidence that the Company will pay normal Income tax and it is highly probable that future economic benefits associated with it will flow to the Company during the specified period. The said asset is recognised as "MAT Credit Entitlement" and the same is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Recognition". The Company reviews the "MAT Credit Entitlement" at each Balance Sheet date and writes down the carrying amount of the same to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income tax during the specified period.
- (iii) Current tax assets and liabilities are offset since the Company has legally enforceable right to set off the recognised amounts and intends to settle the asset and the liability on a net basis.
- (iv) Deferred tax is recognised on timing difference between taxable income and the accounting income that originates in one period and is capable of reversal in one or more subsequent periods. It is recognised based on the accumulated timing difference using the tax rates and the tax laws enacted or substantially enacted as on reporting date.
- (v) The deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is un-absorbed depreciation or carry forward losses under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. This is reviewed for realisability at each Balance Sheet date.
- (vi) Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by same governing tax laws and the Company has legally enforceable right for such set off.
- (vii) Deferred tax on items directly recognised in reserves is also recognised in reserves and not in the Statement of Profit and Loss.

19. Intangible Assets

- i. The costs of computer software that are installed are accounted at cost of acquisition of such software and are carried at cost less accumulated amortisation and impairment,

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if any. Internally generated software is not capitalized and the expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

- ii. The intangible assets that are not yet ready for their intended use are carried at cost including related expenses and attributable interest are recognised as Intangible assets under development.

20. Impairment of Assets

- (i) The carrying values of tangible assets, cash generating units and intangible assets at each balance sheet date are reviewed for impairment if any indication of impairment based on internal and external factors exists.
- (ii) Tangible asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. The intangible assets are treated as impaired when the asset is not available for use and no future economic benefits are expected from its use. After recognition of impairment loss, the depreciation for the fixed assets is provided for remaining useful life based on the revised carrying amount, less its residual value if any, on straight line basis.
- (iii) An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired.
- (iv) An impairment loss is reversed when there is an indication that the impairment loss may no longer exist or may have decreased.

21. Provision, Contingent Liabilities and Contingent Assets

- (i) Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources in respect of which a reliable estimate can be made. Such provisions are not discounted to their present value except relating to retirement benefits. These provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
- (ii) Insurance claims are accounted for on the basis of claims admitted or expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.
- (iii) Contingent liability is a possible obligation that may arise from past events and its existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the same are not recognised but disclosed its existence in the financial statements. Contingent Assets are neither recognised nor disclosed.

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7. Auditors' remuneration (excluding Service Tax) and expenses:	(Rs. in Lakhs)	
	2015-16	2014-15
A. Statutory Auditors:		
a. As Auditors - Fees	1.20	1.20
b. In other Capacities - Tax Audit Fees	0.30	0.30
- IT Representation	0.40	-
c. Certification Work - Fees	0.95	0.45
	2.85	1.95
B. Cost Auditor:		
As Auditors - Fees	1.00	0.40
	3.85	2.35

8. There are no dues to micro and small enterprises as at 31-03-2016 (PY: Rs.Nil). This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
9. The unadjusted units generated from the Windmills as on 31-03-2016 are 1.06 Lakhs KWH (PY: 2.41 Lakhs KWH) and its monetary value of Rs. 7.09 Lakhs (PY: Rs. 16.04 Lakhs) has been included in Other Current Assets, which will be adjusted in the forthcoming months.
10. a) Pursuant to the Schedule II of the Companies Act, 2013 the Company has componentised its fixed assets based on technical advice and separately assessed the useful life of the significant components, forming part of the main asset. Consequently, the depreciation for the year ended 31-03-2016 is higher by Rs. 324.64 Lakhs. The Company has opted to adjust the carrying value of the significant component of Rs. 25.28 Lakhs to the General Reserves as per the transitional provisions of the said Act. The deferred tax impact of Rs. 8.75 Lakhs on the said transitional adjustment is credited to the General Reserves.
- b) During last year, pursuant to implementation of Schedule II of the Companies Act, 2013 with effect from 01-04-2014, the Company has calculated the depreciation on all the assets under Straight Line Method based on the useful life prescribed under the said schedule. Accordingly, during the financial year 2014-15, the value of assets whose useful life is exhausted as on 01-04-2014, as per the new Act, amounting to Rs. 82.18 Lakhs had been charged off to the General Reserves. The deferred tax impact of Rs. 54.25 Lakhs on the said transitional adjustment is credited to the General Reserves.

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(Rs. in Lakhs)
2015-16 2014-15

11. As per Accounting Standard 15 (Employee Benefits) the disclosures of employee benefits as defined in the Accounting Standard are given below:

Defined Contribution Plan:

Employer's Contribution to Provident Fund	55.25	55.82
Employer's Contribution to Superannuation Trust Fund	7.93	6.51

Details of the Post Retirement Gratuity Plan (Funded) are as follows:

Reconciliation of Opening and Closing Balances of Defined Benefit Plan:

Defined Benefit Obligation as on 01-04-2015	440.55	324.36
Current Service Cost	32.74	27.63
Interest Cost	32.82	28.15
Actuarial (Gain) / Loss	18.41	76.55
Past Service Cost - (vested benefits)	NIL	NIL
Benefits Paid	(-) 39.47	(-) 16.14
Defined Benefit Obligation as on 31-03-2016	485.05	(-)440.55

Reconciliation of Opening and Closing balances of Fair Value of Plan Assets:

Fair Value of Plan Assets as on 01-04-2015	384.76	333.08
Expected Return on Plan Assets	35.97	30.04
Actuarial Gain / (Loss)	(-) 11.22	1.01
Employer Contribution	69.24	36.77
Benefits Paid	(-) 39.47	(-)16.14
Fair Value of Plan Assets as on 31-03-2016	439.28	384.76

Actual Return of Plan Assets:

Expected Return of Plan Assets	35.97	30.04
Actuarial (Gain) / Loss on Plan Assets	(-) 11.22	1.01
Actual Return on Plan Assets	24.75	31.05

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NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	2015-16	2014-15
Reconciliation of Fair Value of Assets and Obligations:		
Fair Value of Plan Assets	485.05	440.55
Present Value of Obligation	439.29	384.76
Difference	45.76	55.79
Unrecognised Transitional Liability	NIL	NIL
Unrecognised Past Service Cost-Non Vested Benefits	NIL	NIL
Amount Recognised in the Balance Sheet	45.76	55.79
Expense Recognized during the year:		
Current Service Cost	32.74	27.63
Interest Cost	32.82	28.15
Expected Return on Plan Assets	(-) 35.97	(-) 30.04
Actuarial Gain / (Loss)	29.63	75.53
Transitional Liability Recognised in the year	NIL	NIL
Past Service Cost-Non-Vested Benefits	NIL	NIL
Past Service Cost-Vested Benefits	NIL	NIL
Net Cost	59.22	101.27
Investment Details		
GOI Securities	NIL	0.23%
State Government Securities	NIL	NIL
High Quality Corporate Bonds	NIL	NIL
Funds with LIC	99.53%	99.39%
Bank Balance	0.47%	0.38%
Others	NIL	NIL
Total	100.00%	100.00%
Actuarial Assumptions:		
Indian Assured Lives (2006-08)		
Ultimate Table applied for Service Mortality Rate	Yes	Yes
Discount Rate p.a.	7.80%	7.80%
Expected Rate of Return on Plan Assets p.a.	9.00%	9.00%
Rate of Escalation in Salary p.a.	5.00%	5.00%
Attrition Rate	15.00%	15.00%

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(Rs. in Lakhs)
2015-16 2014-15

Details of Leave Encashment Plan (Unfunded) are as follows:

**Reconciliation of Opening and Closing balances of
Obligation:**

Defined Benefit Obligation as on 01-04-2015	118.95	55.73
Current Service Cost	13.90	12.65
Interest Cost	8.87	4.73
Actuarial (Gain) / Loss	(-) 7.91	51.08
Benefits Paid	(-) 10.53	(-) 5.24
Defined Benefit Obligation as on 31-03-2016	123.28	118.95

**Reconciliation of Opening and Closing balances of
Fair Value of Plan Assets:**

Fair Value of Plan Assets as on 01-04-2015	NIL	NIL
Expected Return on Plan Assets	NIL	NIL
Actuarial Gain / (Loss)	NIL	NIL
Employer Contribution	10.53	5.24
Benefits Paid	(-) 10.53	(-) 5.24
Fair Value of Plan Assets as on 31-03-2016	NIL	NIL

Actual Return of Plan Assets:

Expected Return of Plan Assets	NIL	NIL
Actuarial (Gain) / Loss on Plan Assets	NIL	NIL
Actual Return on Plan Assets	NIL	NIL

Reconciliation of Fair Value of Assets and Obligations:

Fair Value of Plan Assets	NIL	NIL
Present Value of Obligation	123.28	118.95
Difference	123.28	118.95
Unrecognised Transitional Liability	NIL	NIL
Unrecognised Past Service Cost-Non-Vested Benefits	NIL	NIL
Amount Recognised in Balance Sheet	123.28	118.95

Expense Recognized during the year:

Current Service Cost	13.90	12.65
Interest Cost	8.87	4.73
Expected Return on Plan Assets	NIL	NIL
Actuarial Gain / (Loss)	(-) 7.91	51.08
Transitional Liability Recognised in the year	NIL	NIL
Past Service Cost-Non-Vested Benefits	NIL	NIL
Past Service Cost-Vested Benefits	NIL	NIL
Net Cost	14.86	68.46

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(Rs. in Lakhs)
2015-16 2014-15

Investment Details

GOI Securities	NIL	NIL
State Government Securities	NIL	NIL
High Quality Corporate Bonds	NIL	NIL
Funds with LIC	NIL	NIL
Bank Balance	NIL	NIL
Others	NIL	NIL

Actuarial Assumptions:

Indian Assured Lives (2006-08) Ultimate		
Table Applied for Service Mortality Rate	Yes	Yes
Discount Rate p.a.	7.80%	7.80%
Expected Rate of Return on Plan Assets p.a.	NIL	NIL
Rate of Escalation in Salary p.a.	5.00%	5.00%
Attrition Rate	15.00%	15.00%

12. Earnings per Share

Particulars		2015-16	2014-15
Net Profit / (Loss) after tax - Rs. in Lakhs	(A)	896.63	401.01
No. of Shares - Rs. in Lakhs	(B)	19.73	19.73
Basic & Diluted Earnings per share of Rs.10/- each - in Rupees	(A/B)	45.44	20.32

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13. Segment Information for the year ended 31st March, 2016 **(Rs. in lakhs)**

Particulars	Textiles		Surgicals		Power from Windmills		Total
	31-03-2016	31-03-2015	31-03-2016	31-03-2015	31-03-2016	31-03-2015	
REVENUE							
External Sales (Net)	20,089.52	28,604.85	4,818.57	4,326.46	-	-	32,931.31
Inter Segment Sale	-	-	-	-	628.05	728.61	728.61
Total Sales	20,089.52	28,604.85	4,818.57	4,326.46	628.05	728.61	33,659.92
Other Income	651.13	77.02	6.03	10.10	-	-	87.12
Total Revenue	20,740.65	28,681.87	4,824.60	4,336.56	628.05	728.61	33,747.04
RESULT							
Segment Result	1,790.36	1,432.17	662.76	550.40	369.92	467.22	2,449.79
Unallocated Income	-	-	-	-	-	-	44.42
Operating Profit	-	-	-	-	-	-	2,494.22
Interest Expenses	-	-	-	-	-	-	1,905.34
Interest Income	-	-	-	-	-	-	26.02
Provision for Taxation	-	-	-	-	-	-	-
Current Tax - MAT	-	-	-	-	-	-	119.58
Income Tax Expenses relating to earlier years	-	-	-	-	-	-	-
Deferred Tax	-	-	-	-	-	-	169.56
MAT Credit entitlement	-	-	-	-	-	-	(75.25)
Profit from ordinary activities	-	-	-	-	-	-	401.01
Net Profit							401.01
OTHER INFORMATION							
Segment Assets	23,311.11	24,556.02	6,697.81	2,120.63	2,226.67	2,370.68	29,047.33
Unallocated Assets	-	-	-	-	-	-	1,128.58
Total Assets	23,311.11	24,556.02	6,697.81	2,120.63	2,226.67	2,370.68	30,175.91
Segment Liabilities	20,654.19	21,008.09	5,250.47	2,310.16	599.37	869.34	24,187.59
Unallocated Liabilities	-	-	-	-	-	-	-
Total Liabilities	20,654.19	21,008.09	5,250.47	2,310.16	599.37	869.34	24,187.59
Capital Expenditure	96.27	428.68	257.91	281.28	-	-	709.96
Unallocated Capital Expenditure	-	-	-	-	-	-	-
Depreciation	1,226.94	970.55	111.65	99.31	145.44	145.76	1,215.62
Unallocated Depreciation	-	-	-	-	-	-	-
Non-Cash expenses other than Depreciation	-	-	-	-	-	-	-

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14. Related Party Transactions

As per Accounting Standard-18 (Related Party Disclosures) issued by the Institute of Chartered Accountants of India, the Company's related parties are given below:

a. Key Management Personnel (including KMP under Companies Act, 2013)

Shri P.R. Ramasubrahmaneya Rajha, Chairman
Smt. R. Nalina Ramalakshmi, Managing Director
Shri N.R.K. Ramkumar Raja, Managing Director
Shri P.R. Ramasubramanian, Chief Financial Officer
Shri A. Emarajan, Secretary

b. Relatives of Key Managerial Personnel

Smt. R. Sudarsanam, Wife of Shri P.R. Ramasubrahmaneya Rajha
Shri P.R. Venketrama Raja, Son of Shri P.R. Ramasubrahmaneya Rajha
Smt. Sharada Deepa, Daughter of Shri P.R. Ramasubrahmaneya Rajha
Smt. R. Chittammal, Sister of Shri P.R. Ramasubrahmaneya Rajha
Shri P.V. Abinav Ramasubramaniam Raja, Son of Shri P.R. Venketrama Raja
Shri N.K. Ramasamy Raja, Brother of Shri N.R.K. Ramkumar Raja
Shri N.K. Shrikantan Raja, Brother of Shri N.R.K. Ramkumar Raja
Shri N.R.K. Venkatesh Raja Brother of Shri N.R.K. Ramkumar Raja
Smt. P.S. Ramani Devi, Sister of Shri N.R.K. Ramkumar Raja

c. Enterprises over which the above persons exercise significant influences and with which the Company had transactions during the year:

i) Companies:

M/s. The Ramco Cements Limited
M/s. Sri Vishnu Shankar Mill Limited
M/s. Rajapalayam Mills Limited
M/s. Thanjavur Spinning Mill Limited
M/s. Ramco Industries Limited
M/s. Ramco Systems Limited
M/s. Sandhya Spinning Mill Limited
M/s. Sri Harini Textiles Limited
M/s. Shri Harini Media Limited
M/s. Rajapalayam Textiles Limited

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ii) Public Trusts:

Smt. Lingammal Ramaraju Shastra Prathishta Trust

P.A.C.R. Sethurammammal Charity Trust

iii) Employee Benefit Funds where control exists

The Ramaraju Surgical Cotton Mills Limited Employees Gratuity Fund

The Ramaraju Surgical Cotton Mills Limited Officers' Superannuation Trust Fund

The Company's transactions with the above Related Parties are summarized below:

a) Amount paid to Key Managerial Personnel and Relatives:

Name of the Related Party	Amount		(Rs. in Lakhs)
	2015-16	2014-15	Nature of Payment
Shri P.R. Ramasubrahmaneya Rajha	0.90	1.06	Sitting Fees
	0.70	0.84	Dividend
Smt. R. Nalina Ramalakshmi	6.76	8.11	Dividend
	0.63	0.63	Rent
	65.87	10.98	Interest
Shri N.R.K. Ramkumar Raja	0.70	0.85	Dividend
	0.17	0.19	Interest
Shri P.R. Venketrama Raja	0.45	0.15	Sitting Fees
	0.03	0.03	Dividend
Smt. R. Sudarsanam	0.05	0.06	Dividend
Shri N.K. Shrikantan Raja	1.20	1.66	Sitting Fees
	0.06	0.07	Dividend
Smt. R. Chittammal	0.40	0.48	Dividend
Smt. Sharada Deepa	0.05	0.06	Dividend
Shri N.K. Ramasamy Raja	0.06	0.07	Dividend
Shri N.R.K. Venkesharaja	0.10	0.12	Dividend
Smt. P.S. Ramani Devi	0.07	0.08	Dividend

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(b) (i) Inter Corporate Deposits given:(Rs. in Lakhs)

Name of the Related Party	Maximum Outstanding		Outstanding as on	
	2015-16	2014-15	31-03-2016	31-03-2015
M/s. Sri Harini Textiles Limited	10.00	10.00	10.00	10.00

(ii) Interest received on Inter Corporate Deposits given: (Rs. in Lakhs)

Name of the Related Party	Interest @11% P.A.		Outstanding as on	
	2015-16	2014-15	31-03-2016	31-03-2015
M/s. Sri Harini Textiles Limited	1.10	1.10	NIL	NIL

(iii) Corporate Guarantee Availed: (Rs. in Lakhs)

Name of the Related Party	2015-16	2014-15
M/s. Rajapalayam Mills Limited	11,457.00	11,457.00

(c) Sale of Goods / Service Rendered: (Rs. in Lakhs)

Name of the Related Party	Value		Outstanding as on	
	2015-16	2014-15	31-03-2016	31-03-2015
M/s. Rajapalayam Mills Limited	9.71	114.81	NIL	Nil
M/s. Sri Vishnu Shankar Mill Limited	512.38	50.60	NIL	Nil
M/s. Sandhya Spinning Mill Limited	38.61	19.49	NIL	Nil
M/s. Thanjavur Spinning Mill Limited	81.11	88.69	NIL	Nil
M/s. Ramco Industries Limited	386.54	2.40	NIL	Nil
M/s. The Ramco Cements Limited	0.21	0.07	NIL	Nil
M/s. Sri Harini Textiles Limited	1,414.46	1,351.04	NIL	Nil
M/s. Rajapalayam Textiles Limited	0.31	0.23	NIL	Nil

(d) Cost of Goods Purchased & Services availed: (Rs. in Lakhs)

Name of the Related Party	Value		Outstanding as on	
	2015-16	2014-15	31-03-2016	31-03-2015
M/s. Rajapalayam Mills Limited	1,385.49	6,433.50	NIL	Nil
M/s. Sri Vishnu Shankar Mill Limited	593.67	722.51	NIL	Nil
M/s. Sandhya Spinning Mill Limited	75.97	43.65	NIL	Nil
M/s. Thanjavur Spinning Mill Limited	460.12	702.08	NIL	Nil
M/s. Ramco Industries Limited	180.62	351.96	NIL	Nil
M/s. The Ramco Cements Limited	139.05	122.39	NIL	Nil
M/s. Ramco Systems Limited	12.35	10.39	NIL	Nil
M/s. Rajapalayam Textiles Limited	-	19.18	NIL	Nil

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M/s. Shri Harini Media Limited	5.90	5.40	NIL	Nil
M/s. Ramco Windfarms Limited	209.11	270.56	NIL	Nil
M/s. P.A.C.R. Sethurammam Charity Trust	6.37	7.33	NIL	Nil

(e) Security Deposits given:

Name of the Related Party	Interest Free Security Deposit Outstanding		Nature of Transaction
	2015-16	2014-15	
M/s. The Ramco Cements Limited (TRCL)	11.50	11.50	3,08,200 Shares of Andhra Pradesh Gas Power Corporation Limited (APGPCL) purchased by TRCL are being held jointly by the Company & TRCL. The Joint Ownership entitles the Company to purchase from APGPCL. To have the Joint Ownership of above shares, the Company has deposited this amount with TRCL.

(f) Amount paid by virtue of Joint ownership of shares of APGPCL:

Name of the Related Party	Amount paid		Nature of Transaction
	2015-16	2014-15	
M/s. The Ramco Cements Limited	1.96	1.83	The Company is paying 10 paise per unit to TRCL for the power supplied by APGPCL to the Company by virtue of above Joint Ownership of the Shares.

(g) Purchase of Fixed Assets

(Rs. in Lakhs)

Name of the Related Party	Value		Outstanding as on	
	2015-16	2014-15	31-03-2016	31-03-2015
The Ramco Cements Limited	33.00	NIL	NIL	NIL
Thanjavur Spinning Mill Limited	71.12	NIL	NIL	NIL
Sri Harini Textiles Limited	NIL	1.76	NIL	NIL

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(h) Sale of Investments:

Name of the Related Party	Value		Outstanding as on	
	2015-16	2014-15	31-03-2016	31-03-2015
Shri P.V. Abinav Ramasubramaniam Raja	572.55	–	NIL	NIL

(i) Investments Made and Dividend Received:

Investment detail are given under Note No. 10

Name of the Related Party	2015-16	2014-15
M/s. The Ramco Cements Limited	163.08	36.24
M/s. Ramco Industries Limited	1.09	0.34
M/s. Rajapalayam Mills Limited	16.51	7.51
M/s. Sri Vishnu Shankar Mill Limited	–	0.33

(j) Dividend Paid:

Name of the Related Party	2015-16	2014-15
M/s. Rajapalayam Mills Limited	0.04	0.06
M/s. Sri Vishnu Shankar Mill Limited	0.02	0.03

(k) Remuneration to Key Managerial Personnel:

Name of the Related Party	2015-16	2014-15
Smt. R. Nalina Ramalakshmi, Managing Director	135.40	135.40
Shri N.R.K. Ramkumar Raja, Managing Director	8.80	NIL
Shri P.R. Ramasubramanian, Chief Financial Officer	14.31	12.04
Shri A. Emarajan, Secretary	4.68	1.98

(l) Contribution to Superannuation Fund / Gratuity Fund:

Name of the Related Party	2015-16	2014-15
The Ramaraju Surgical Cotton Mills Limited Employees Gratuity Fund	59.22	101.27
The Ramaraju Surgical Cotton Mills Limited Officers' Superannuation Trust Fund	7.93	6.51

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

15. Other Additional information pursuant to the Schedule III of the Companies Act, 2013.

(a) Value of Imports calculated on CIF Value

Particulars	2015-16	2014-15
Raw Materials	1,982.73	1,053.35
Components and Spares	41.40	33.81
Capital Goods	831.17	352.21

(b) Expenditure in Foreign Exchange during the year

Particulars	2015-16	2014-15
Interest	32.53	37.97
Export Sales Commission	112.83	153.63
Foreign Travel	20.88	7.23

(c) Value of Raw Materials, Stores & Spare Parts Consumed (Rs. in Lakhs)

Particulars	2015-16	%	2014-15	%
i) Raw Materials:				
Cotton, Cotton Waste, Yarn, Grey Pieces, Gypsum Gauze Cloth				
Imported	1,176.46	10	674.54	5
Indigenous	10,723.31	90	12,141.75	95
ii) Stores and Components:				
Imported	32.37	2	41.10	5
Indigenous	1,445.67	98	1,553.97	97

(d) Earnings in Foreign exchange (FOB) Value

Export of Yarn and Surgical Dressings	2,609.06	9,084.84
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As per our report annexed
For M.S. JAGANNATHAN & N. KRISHNASWAMI
Chartered Accountants
Firm Registration No. 001208S

K. SRINIVASAN
Partner
Membership No. 021510

Rajapalaiyam,
28th May, 2016.

For and on behalf of the Board
P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

P.R. RAMASUBRAMANIAN
CHIEF FINANCIAL OFFICER

A. EMARAJAN
SECRETARY

**CONSOLIDATED FINANCIAL STATEMENTS OF
THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM**

Information, as required under Schedule III to the Companies Act, 2013 of Enterprises consolidated as Associate for the year 2015-16

Name of the Entity	Net Assets i.e., total assets minus total liabilities		Share in Profit / (Loss)	
	As % of Consolidated net assets	Rs. in Lakhs	As % Consolidated Profit / (Loss)	Rs. in Lakhs
Parent The Ramaraju Surgical Cotton Mills Limited	99.98	6,844.67	99.82	896.63
Associate (Investments as per the Equity Method) Indian Sri Harini Textiles Limited	0.02	1.61	0.18	1.61

CONSOLIDATED FINANCIAL STATEMENTS OF THE RAMARAJU SURGICAL COTTON MILLS LIMITED

INDEPENDENT AUDITORS' REPORT

To the Members of M/s. The Ramaraju Surgical Cotton Mills Limited

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of The Ramaraju Surgical Cotton Mills Limited (hereinafter referred to as "the Parent Company") which includes financial statement of the Parent Company and the share of profit of its associate. These financial statements comprise the Consolidated Balance Sheet as at 31st March 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Parent Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013, ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Parent Company, prepared in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Parent Company and of its Associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Parent Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

CONSOLIDATED FINANCIAL STATEMENTS OF THE RAMARAJU SURGICAL COTTON MILLS LIMITED

INDEPENDENT AUDITORS' REPORT

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Parent Company as at 31st March 2016, and its consolidated profit and its consolidated cash flows for the year ended on that date.

Other Matters

Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is based on the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

1. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
2. In our opinion, proper books of accounts as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
3. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
4. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

CONSOLIDATED FINANCIAL STATEMENTS OF THE RAMARAJU SURGICAL COTTON MILLS LIMITED

INDEPENDENT AUDITORS' REPORT

5. On the basis of the written representations received from the Directors of the Parent Company as on 31st March 2016 taken on record by the Board of Directors of the Parent Company and the reports of the statutory auditor of the associate company, none of the directors of the Company and its associate company is disqualified as on 31st March 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
6. We have enclosed our separate report in "Annexure A" with respect to the adequacy of the internal financial controls over financial reporting of the entities in the Parent Company and associate company and the operating effectiveness of such controls. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of entities in the Company and the associate company.
7. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The details of the pending litigations and its impact on the Financial Statements have been disclosed in the standalone financial statements of the respective entities in the Company and by the associate;
 - ii. The Parent Company and associate company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the entities in the Company and its associate.

For M.S. JAGANNATHAN & N. KRISHNASWAMI
Chartered Accountants
Firm Registration No. 001208S

K. SRINIVASAN
Partner
Membership No. 021510

Rajapalayam,
28th May, 2016.

CONSOLIDATED FINANCIAL STATEMENTS OF THE RAMARAJU SURGICAL COTTON MILLS LIMITED

Annexure A to the Independent Auditors' Report of even date on the Consolidated Financial Statements of The Ramaraju Surgical Cotton Mills Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of The Ramaraju Surgical Cotton Mills Limited (here in after referred to as "the Parent Company") and its associate company as on 31st March 2016 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent Company and its associate company, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by ICAI and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls system over financial reporting.

CONSOLIDATED FINANCIAL STATEMENTS OF THE RAMARAJU SURGICAL COTTON MILLS LIMITED

Annexure A to the Independent Auditors' Report

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Parent Company and its associate company have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M.S. JAGANNATHAN & N. KRISHNASWAMI
Chartered Accountants
Firm Registration No. 001208S

K. SRINIVASAN
Partner
Membership No. 021510

Rajapalayam,
28th May, 2016.

CONSOLIDATED FINANCIAL STATEMENTS OF THE RAMARAJU SURGICAL COTTON MILLS LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2016

			(Rs. in Lakhs)	
	Note No.	As at 31-03-2016	As at 31-03-2015	
EQUITY AND LIABILITIES				
(1) Shareholders' Funds				
Share Capital	1	197.33	197.33	
Reserves and Surplus	2	6,648.95	5,765.01	
		6,846.28	5,962.34	
(2) Non Current Liabilities				
Long Term Borrowings		10,492.45	7,285.84	
Deferred Tax Liabilities (Net)		3,046.51	2,854.24	
Long Term Provisions		480.77	393.03	
		14,019.73	10,533.11	
(3) Current Liabilities				
Short Term Borrowings		7,826.64	9,291.63	
Trade Payables		696.12	544.29	
Other Current Liabilities		3,476.89	3,318.68	
Short Term Provisions		484.65	499.88	
		12,484.30	13,654.48	
TOTAL		33,350.31	30,149.93	
ASSETS				
(1) Non Current Assets				
Fixed Assets				
Tangible Assets		16,581.48	17,748.64	
Intangible Assets		8.75	9.97	
Capital Work-in-Progress		1,470.62	6.88	
		18,060.85	17,765.49	
Non Current Investments	3	1,114.73	1,102.60	
Long Term Loans and Advances		327.39	182.38	
Other Non Current Assets		1,776.10	1,634.05	
(2) Current Assets				
Inventories		6,121.92	5,099.03	
Trade Receivables		1,655.18	3,012.51	
Cash and Cash Equivalents		281.46	160.34	
Short Term Loan and Advances		2,995.07	306.99	
Other Current Assets		1,017.61	886.54	
		12,071.24	9,465.41	
TOTAL		33,350.31	30,149.93	
Significant Accounting Policies	4			
Notes on Financial Statements	5			

The notes form an integral part of these financial statements.

As per our report annexed

For M.S. JAGANNATHAN & N. KRISHNASWAMI
Chartered Accountants
Firm Registration No. 001208S

K. SRINIVASAN
Partner
Membership No. 021510

Rajapalayam,
28th May, 2016.

For and on behalf of the Board

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

P.R. RAMASUBRAMANIAN
CHIEF FINANCIAL OFFICER

A. EMARAJAN
SECRETARY

CONSOLIDATED FINANCIAL STATEMENTS OF THE RAMARAJU SURGICAL COTTON MILLS LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016

(Rs. in Lakhs)

	Note No.	For the year ended 31-03-2016	For the year ended 31-03-2015
I REVENUE			
Revenue from Operations		24,908.09	32,931.33
Less: Excise Duty		239.80	207.92
		<u>24,668.29</u>	<u>32,723.41</u>
II Other Income		882.02	175.56
III Total Revenue (I+II)		<u>25,550.31</u>	<u>32,898.97</u>
IV EXPENSES			
Cost of Materials Consumed		11,899.77	12,816.29
Trade Purchase		1,706.21	7,519.60
Changes in Inventories of Finished Goods and Work-in-Progress		(1,176.13)	437.02
Employee Benefit Expenses		2,488.64	2,447.46
Finance Costs		1,768.26	1,905.34
Depreciation		1,484.04	1,215.62
Others Expenses		6,099.88	5,942.74
Total Expenses		<u>24,270.67</u>	<u>32,284.07</u>
V Profit Before Tax (III-IV)		1,279.64	614.90
VI Tax Expenses			
Current Tax - MAT		234.54	119.58
Income Tax Expenses relating to earlier years		89.50	-
Deferred Tax		201.02	169.56
MAT Credit Entitlement for the Earlier Years Withdrawn		92.49	44.33
MAT Credit Entitlement		(234.54)	(119.58)
VII Profit After Tax (V-VI)		896.63	401.01
VIII Proportionate Profit / (Loss) of Associates Company			
Share of Profit / (Loss) on Associates Company	3	1.61	(25.98)
IX Profit for the year (VII+VIII)		<u>898.24</u>	<u>375.03</u>
Earnings per Equity Share of Rs. 10/- each		45.52	19.01
Basic & Diluted (In Rupees) (Refer to Item No. 2 of Note No. 5)			
Significant Accounting Policies	4		
Notes on Financial Statements	5		
The notes form an integral part of these financial statements			

As per our report annexed
For M.S. JAGANNATHAN & N. KRISHNASWAMI
Chartered Accountants
Firm Registration No. 001208S

K. SRINIVASAN
Partner
Membership No. 021510

Rajapalaiyam,
28th May, 2016.

For and on behalf of the Board
P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

P.R. RAMASUBRAMANIAN
CHIEF FINANCIAL OFFICER

A. EMARAJAN
SECRETARY

CONSOLIDATED FINANCIAL STATEMENTS OF THE RAMARAJU SURGICAL COTTON MILLS LIMITED

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016
(Rs. in Lakhs)**

	2015-16	2014-15
A. Cash Flow from Operating Activities		
Net Profit before Tax and Extraordinary Items	1,279.64	614.90
Adjustments for :		
Depreciation	1,484.04	1,215.62
Interest Paid	1,768.26	1,905.34
Interest Received	(44.18)	(26.02)
Dividend Received	(180.68)	(44.42)
(Profit) / Loss on Sale of Assets and Investments	(558.19)	18.00
Operating Profit before Working Capital Changes	<u>3,748.89</u>	<u>3,683.42</u>
Adjustments for :		
Trade Receivables	1,357.33	54.70
Loans and Advances	(3,164.40)	659.19
Inventories	(1,022.89)	1,726.08
Trade Payables and Current Liabilities	121.77	(1,118.79)
Cash generated from Operations	<u>1,040.70</u>	<u>5,004.60</u>
Income Tax Paid	(123.80)	(94.67)
Net Cash generated from Operating Activities	A <u>916.90</u>	<u>4,909.93</u>
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets (including Capital Work-in-Progress)	(1,817.91)	(709.96)
Investment in Shares	(0.55)	(1.63)
Sale of Investments	572.55	2.04
Sale of Assets	14.89	9.40
Interest Received	44.18	26.02
Dividend Received	180.68	44.42
Net Cash from / (used) in Investing Activities	B <u>(1,006.16)</u>	<u>(629.71)</u>

CONSOLIDATED FINANCIAL STATEMENTS OF THE RAMARAJU SURGICAL COTTON MILLS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

(Rs. in Lakhs)

		2015-16	2014-15
C. Cash Flow from Financing Activities			
Repayment of Long Term Borrowings		(2,659.92)	(3,317.32)
Proceeds of Long Term Borrowings		6,155.80	1,877.81
Increase / (Decrease) in Working Capital Borrowings		(1,464.99)	(803.01)
Payment of Dividend and Tax thereon		(52.25)	(69.26)
Interest Paid		(1,768.26)	(1,905.34)
Net cash used in Financing Activities	C	210.38	(4,217.12)
Net Increase in Cash and Cash Equivalent	(A+B+C)	121.12	63.10
Opening balance of Cash and Cash Equivalents (Refer to Note No.15)	D	160.34	97.24
Closing balance of Cash and Cash Equivalents (Refer to Note No.15)	E	281.46	160.34
Net Increase in Cash and Cash Equivalent	(E-D)	121.12	63.10

As per our report annexed
For M.S. JAGANNATHAN & N. KRISHNASWAMI
Chartered Accountants
Firm Registration No. 001208S

K. SRINIVASAN
Partner
Membership No. 021510

Rajapalayam,
28th May, 2016.

For and on behalf of the Board
P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

P.R. RAMASUBRAMANIAN
CHIEF FINANCIAL OFFICER

A. EMARAJAN
SECRETARY

THE RAMARAJU SURGICAL COTTON MILLS LIMITED
NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	As at 31-03-2016	As at 31-03-2015
NOTE NO. 1		
SHARE CAPITAL		
Authorised		
30,00,000 Equity Shares of Rs.10/- each	300.00	300.00
Issued, Subscribed and Fully Paid-up		
19,73,280 Equity Shares of Rs.10/- each	197.33	197.33
	197.33	197.33

- a. Issued, Subscribed and fully paid-up Shares includes 18,08,280 Shares of Rs. 10/- each which were allotted as fully paid Bonus Shares by Capitalisation of Reserves.
- b. Reconciliation of the number of shares outstanding:

Particulars	As at 31-03-2016		As at 31-03-2015	
	No. of Shares	Amount	No. of Shares	Amount
Number of shares at the beginning	1,973,280	197.33	1,973,280	197.33
Number of Shares at the end	1,973,280	197.33	1,973,280	197.33

- c. List of Shareholders holding more than 5 percent in the Company:

Particulars	As at 31-03-2016		As at 31-03-2015	
	No. of Shares	% of holding	No. of Shares	% of holding
Smt. R. Nalina Ramalakshmi	6,76,190	34.27	6,75,490	34.23

- d. Aggregate number of Equity Shares allotted as fully paid up by way of bonus shares during the last 5 years : 9,86,640.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED
NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	As at 31-03-2016	As at 31-03-2015
NOTE NO. 2		
RESERVES AND SURPLUS		
Capital Reserve	17.63	17.63
General Reserve		
Balance as per last Financial Statement	5,618.48	5,272.73
Less : Residual Value of Components / Assets whose remaining useful life is nil, net of Deferred Tax[Refer to Note No. 26(11)]	16.53	54.25
Add : Balance through from Surplus balance in the Statement of Profit and Loss	<u>900.00</u>	<u>400.00</u>
	6,501.95	5,618.48
Surplus in Statement of Profit and Loss		
Balance as per last Financial Statement	154.88	182.37
Add : Profit for the year	898.24	375.03
	<u>1,053.12</u>	<u>557.40</u>
Less : Appropriations		
Interim Dividend [Amount per Share Rs. 1.00]	19.73	–
Tax on Interim Dividend	4.02	–
Proposed Equity Dividend [Amount per Share Nil (PY: Rs. 1.20)]	–	23.68
Tax on Proposed Equity Dividend	–	4.82
Transfer to General Reserve	900.00	400.00
Net Surplus in the Statement of Profit and Loss	<u>129.37</u>	128.90
	<u>6,648.95</u>	<u><u>5,765.01</u></u>

THE RAMARAJU SURGICAL COTTON MILLS LIMITED
NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in Lakhs)

As at
31-03-2016 As at
31-03-2015

NOTE NO. 3

NON-CURRENT INVESTMENTS

A. Investment Property

Building	8.72	8.72
Less: Accumulated depreciation as at the beginning of the year	1.81	1.62
Depreciation for the year	0.18	0.19

Total Investment property	(A)	<u>6.73</u>	<u>6.91</u>
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B. Investment in Equity Instruments, Non-Trade

	Name of the Company	No. of Shares	Total face Value Rs.	Cost	Cost
1) Quoted					
	M/s. The Ramco Cements Limited	36,24,000	36.24	19.86	19.86
	M/s. Ramco Industries Limited	1,35,880	1.36	0.53	0.53
	M/s. Rajapalayam Mills Limited	135,200	13.52	12.98	28.81
	M/s. Ramco Systems Limited	12,739	1.27	12.15	12.15
	Sub-Total			<u>45.52</u>	<u>61.35</u>

2) Unquoted

Associate Company

M/s. Sri Harini Textiles Limited	14,90,000	149.00	149.00	149.00
Add: Share of Profit / Loss on Associate			1.61	(25.98)
			<u>150.61</u>	<u>123.02</u>

Other Companies

M/s. Sri Vishnu Shankar Mill Limited	11,200	1.12	1.68	1.68
M/s. Ontime Industrial Services Limited	26,300	2.63	2.63	2.63
M/s. Ramco Windfarms Limited	7,00,000	70.00	7.00	7.00
M/s. Shri Harini Media limited	60,00,500	60.01	60.01	60.01
M/s. ARS Energy Private Limited	200	0.02	0.55	-
Sub-Total			<u>222.48</u>	<u>194.34</u>

Total Quoted & Unquoted investments	(B)	<u>268.00</u>	<u>255.69</u>
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C. Investment in Preference Shares, Non-Trade

M/s. Shri Harini Media Limited - 9% Non Convertible Redeemable Preference Shares	8,40,00,000	(C) 840.00	840.00	840.00
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Aggregate Value of Total Investment	(A+B+C)	<u>1,114.73</u>	<u>1,102.60</u>
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Aggregate Value of:

Quoted Investments - Cost		45.52	61.35
- Market Value		15,171.45	12,122.80
Unquoted Investments - Cost		1,069.21	1,041.25

Refer to Item No. 5 of Note No. 4

THE RAMARAJU SURGICAL COTTON MILLS LIMITED
NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

NOTE NO. 4

1. Corporate Information:

The Ramaraju Surgical Cotton Mills Limited is a public limited company domiciled and headquartered in India and incorporated under the provisions of Companies Act. The Company is engaged in manufacture of Cotton Yarn and Pharmaceutical Products. The company caters the domestic as well as export markets.

2. Significant Accounting Policies:

The CFS have been prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and in compliance of the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 to the extent applicable. Pursuant to General Circular No.39/2014 dated 14-10-2014 issued by the Ministry of Corporate Affairs that the disclosures made already under the standalone financial statements are not merely repeated and thus the disclosures that are relevant arising out of consolidation have only been presented.

The CFS comprises the financial statements of The Ramaraju Surgical Cotton Mills Limited and its Associate Company. The list of Companies which are included in consolidation and the Parent Company's holding and voting rights therein are as under:

Name	% of Shareholding		% of Voting Rights	
	2015-16	2014-15	2015-16	2014-15
Shri Harini Textiles Ltd.	49.67		49.67	

The above Company is incorporated in India and the financial statements for the above company is drawn upto the same reporting as that of the parent company (i.e) 31-03-2016.

3. Principles of Consolidation

The CFS has been prepared using uniform accounting policies for like transactions and other events in similar circumstances and is presented, to the extent possible, in the same manner as the parent company's standalone financial statements.

The CFS include the share of profit / loss of the Associate Company, since the Parent company directly holds more than 20% of the equity in the associate company, which has been accounted using equity method of as per AS-23, Accounting of Investments in associates in consolidated financial statements. Accordingly, the share of profit / loss of the Associate company (the loss being restricted to the cost of the investment) has been added to / deducted from the cost of investments.

4. Cash Flow Statement

Cash flows are presented using indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances, highly liquid investments that are readily convertible into cash.

5. Investments

All investments being non-current and non-trade are valued at cost. Costs of investments include acquisition charges such as brokerage, fees and duties.

The carrying amount of long term investments is determined on an individual investment basis. As at the Balance Sheet date, provision for diminution is made to recognise the decline other than temporary, in the value of investments. The reduction in carrying amount is charged to

THE RAMARAJU SURGICAL COTTON MILLS LIMITED
NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Statement of Profit and Loss. This reduction amount is reversed when there is a rise in the value of investment.

On disposal of an investment, the difference between the carrying amount and the net disposal proceeds is recognised in the Statement of Profit and Loss under "Other income".

NOTE NO. 5

1. The Equity shareholding in Sri Harini Textiles Limited is 49.67% during the year, the investments in the said company upon consolidation have been accounted using equity method as per AS-23. Accordingly, the carrying value of investments in the Associate Company comprises of the following: (Rs. in Lakhs)

Particulars	2015-16	2014-15
Value of Investments at Cost	149.00	149.00
Add: Share of Profit / (Loss) of Associate	1.61	(25.98)
Carrying Value of Investment	150.61	123.02

2. **Earnings per Share** (Rs. in Lakhs)

Particulars	2015-16	2014-15
Net profit / (Loss) after tax - Rs. in Lakhs (A)	898.24	375.03
No. of Shares - Rs. in Lakhs (B)	19.73	19.73
Basic & Diluted earnings per share of Rs. 10 each in Rupees (A/B)	45.52	19.01

3. **Related Party Transactions:**

As per Accounting Standard-18 (Related Party Disclosures) issued by the Institute of Chartered Accountants of India, the Company's related parties are given below:

- a. **Key Management Personnel** (including KMP under Companies Act, 2013)

Shri P.R. Ramasubrahmaneya Rajha, Chairman
 Smt. R. Nalina Ramalakshmi, Managing Director
 Shri N.R.K. Ramkumar Raja, Managing Director
 Shri P.R. Ramasubramanian, Chief Financial Officer
 Shri A. Emarajan, Secretary

- b. **Relatives of Key Managerial Personnel**

Smt. R. Sudarsanam, Wife of Shri P.R. Ramasubrahmaneya Rajha
 Shri P.R. Venketrama Raja, Son of Shri P.R. Ramasubrahmaneya Rajha
 Smt. Sharada Deepa, Daughter of Shri P.R. Ramasubrahmaneya Rajha
 Smt. R. Chittammal, Sister of Shri P.R. Ramasubrahmaneya Rajha
 Shri P.V. Abinav Ramasubramaniam Raja, Son of Shri P.R. Venketrama Raja
 Shri N.K. Ramasamy Raja, Brother of Shri N.R.K. Ramkumar Raja
 Shri N.K. Shrikantan Raja, Brother of Shri N.R.K. Ramkumar Raja
 Shri N.R.K. Venkatesh Raja Brother of Shri N.R.K. Ramkumar Raja
 Smt. P.S. Ramani Devi, Sister of Shri N.R.K. Ramkumar Raja

THE RAMARAJU SURGICAL COTTON MILLS LIMITED
NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

c. Enterprises over which the above persons exercise significant influences and with which the Company had transactions during the year:

i) Companies:

M/s. The Ramco Cements Limited
M/s. Sri Vishnu Shankar Mill Limited
M/s. Rajapalayam Mills Limited
M/s. Thanjavur Spinning Mill Limited
M/s. Ramco Industries Limited
M/s. Ramco Systems Limited
M/s. Sandhya Spinning Mill Limited
M/s. Sri Harini Textiles Limited
M/s. Shri Harini Media Limited
M/s. Rajapalayam Textiles Limited

ii) Public Trusts:

Smt. Lingammal Ramaraju Shastra Prathishta Trust
PACR Sethurammammal Charity Trust

iii) Employee Benefit Funds where control exists

The Ramaraju Surgical Cotton Mills Limited Employees Gratuity Fund
The Ramaraju Surgical Cotton Mills Limited Officers' Superannuation Trust Fund

The Company's transactions with the above Related Parties are summarized below:

a) **Amount paid to Key Managerial Personnel and Relatives: (Rs. in Lakhs)**

Name of the Related Party	Amount		Nature of Payment
	2015-16	2014-15	
Shri P.R. Ramasubrahmaneya Rajha	0.90	1.06	Sitting Fees
	0.70	0.84	Dividend
Smt. R. Nalina Ramalakshmi	6.76	8.11	Dividend
	0.63	0.63	Rent
	65.87	10.98	Interest
Shri N.R.K. Ramkumar Raja	0.70	0.85	Dividend
	0.17	0.19	Interest
Shri P.R. Venketrama Raja	0.45	0.15	Sitting Fees
	0.03	0.03	Dividend
Smt. R. Sudarsanam	0.05	0.06	Dividend
Shri N.K. Shrikantan Raja	1.20	1.66	Sitting Fees
	0.06	0.07	Dividend
Smt. R. Chittammal	0.40	0.48	Dividend
Smt. Sharada Deepa	0.05	0.06	Dividend
Shri N.K. Ramasamy Raja	0.06	0.07	Dividend
Shri N.R.K. Venkesharaja	0.10	0.12	Dividend
Smt. P.S. Ramani Devi	0.07	0.08	Dividend

THE RAMARAJU SURGICAL COTTON MILLS LIMITED
NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(b) Sale of Goods / Service Rendered: (Rs. in Lakhs)

Name of the Related Party	Value		Outstanding as on	
	2015-16	2014-15	31-03-2016	31-03-2015
M/s. Rajapalayam Mills Limited	9.71	114.81	NIL	Nil
M/s. Sri Vishnu Shankar Mill Limited	512.38	50.60	NIL	Nil
M/s. Sandhya Spinning Mill Limited	38.61	19.49	NIL	Nil
M/s. Thanjavur Spinning Mill Limited	81.11	88.69	NIL	Nil
M/s. Ramco Industries Limited	386.54	2.40	NIL	Nil
M/s. The Ramco Cements Limited	0.21	0.07	NIL	Nil
M/s. Rajapalayam Textiles Limited	0.31	0.23	NIL	Nil

(c) Cost of Goods Purchased & Services availed: (Rs. in Lakhs)

Name of the Related Party	Value		Outstanding as on	
	2015-16	2014-15	31-03-2016	31-03-2015
M/s. Rajapalayam Mills Limited	1,385.49	6,433.50	NIL	Nil
M/s. Sri Vishnu Shankar Mill Limited	593.67	722.51	NIL	Nil
M/s. Sandhya Spinning Mill Limited	75.97	43.65	NIL	Nil
M/s. Thanjavur Spinning Mill Limited	460.12	702.08	NIL	Nil
M/s. Ramco Industries Limited	180.62	351.96	NIL	Nil
M/s. The Ramco Cements Limited	139.05	122.39	NIL	Nil
M/s. Ramco Systems Limited	12.35	10.39	NIL	Nil
M/s. Rajapalayam Textiles Limited	-	19.18	NIL	Nil
M/s. Shri Harini Media Limited	5.90	5.40	NIL	Nil
M/s. Ramco Windfarms Limited	209.11	270.56	NIL	Nil
M/s. P.A.C.R. Sethurammam Charity Trust	6.37	7.33	NIL	Nil

(d) Security Deposit Given:

Name of the Related Party	Interest Free		Nature of Transaction
	Security deposit	Outstanding	
	2015-16	2014-15	
M/s. The Ramco Cements Limited (TRCL)	11.50	11.50	3,08,200 Shares of Andhra Pradesh Gas Power Corporation Limited (APGPCL) purchased by TRCL are being held jointly by the Company & TRCL. The Joint Ownership entitles the Company to purchase from APGPCL. To have the Joint Ownership of above shares, the Company has deposited this amount with TRCL.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED
NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(e) Amount paid by virtue of Joint ownership of shares of APGPCL: (Rs. in Lakhs)

Name of the Related Party	Amount Paid		Nature of Transaction
	2015-16	2014-15	
M/s. The Ramco Cements Limited (TRCL)	1.96	1.83	The Company is paying 10 paise per unit to TRCL for the power supplied by APGPCL to the Company by virtue of above Joint Ownership of the Shares.

(f) Sale of Investments:

Name of the Related Party	Value		Outstanding as on	
	2015-16	2014-15	31-03-2016	31-03-2015
Shri P.V. Abinav Ramasubramaniam Raja	572.55	–	NIL	NIL

(g) Purchase of Fixed Assets (Rs. in Lakhs)

Name of the Related Party	Value		Outstanding as on	
	2015-16	2014-15	31-03-2016	31-03-2015
The Ramco Cements Limited	33.00	NIL	NIL	NIL
Thanjavur Spinning Mill Limited	71.12	NIL	NIL	NIL

(h) Investments Made and Dividend Received:

Investment details are given under Note No. 3

Name of the Related Party	2015-16	2014-15
M/s. The Ramco Cements Limited	163.08	36.24
M/s. Ramco Industries Limited	1.09	0.34
M/s. Rajapalayam Mills Limited	16.51	7.51
M/s. Sri Vishnu Shankar Mill Limited	–	0.34

(i) Dividend Paid:

Name of the Related Party	2015-16	2014-15
M/s. Rajapalayam Mills Limited	0.04	0.06
M/s. Sri Vishnu Shankar Mill Limited	0.02	0.03

(j) Corporate Guarantee Availed:

Name of the Related Party	2015-16	2014-15
M/s. Rajapalayam Mills Limited	11,457.00	11,457.00

(k) Remuneration to Key Managerial Personnel:

Name of the Related Party	2015-16	2014-15
Smt. R. Nalina Ramalakshmi, Managing Director	135.40	135.40
Shri N.R.K. Ramkumar Raja, Managing Director	8.80	NIL
Shri P.R. Ramasubramaniam, Chief Financial Officer	14.31	12.04
Shri A. Emarajan, Secretary	4.68	1.98

THE RAMARAJU SURGICAL COTTON MILLS LIMITED
NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(l) Contribution to Superannuation Fund / Gratuity Fund:

Name of the Related Party	2015-16	2014-15
The Ramaraju Surgical Cotton Mills Limited Employees Gratuity Fund	59.22	101.27
The Ramaraju Surgical Cotton Mills Limited Officers' Superannuation Trust Fund	7.93	6.51

15. Other Additional information pursuant to the Schedule III of the Companies Act, 2013.

(a) Value of Imports calculated on CIF Value

Particulars	2015-16	2014-15
Raw Materials	1,982.73	1,053.35
Components and Spares	41.40	33.81
Capital Goods	831.17	352.21

(b) Expenditure in Foreign Exchange during the year (Rs. in Lakhs)

Particulars	2015-16	2014-15
Interest	32.53	37.97
Export Sales Commission	112.83	153.63
Foreign Travel	20.88	7.23

(c) Value of Raw Materials, Stores & Spare parts consumed

Particulars	2015-16	%	2014-15	%
i) Raw Materials:				
Cotton, Cotton Waste, Yarn, Grey Pieces, Gypsum Gauze Cloth				
Imported	1,176.46	10	674.54	5
Indigenous	10,723.31	90	12,141.75	95
ii) Stores and Components:				
Imported	32.37	2	41.10	3
Indigenous	1,445.67	98	1,553.97	97

(d) Earnings in Foreign Exchange (FOB) Value

Export of Yarn and Surgical Dressings	2,609.06	9,084.84
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As per our report annexed
For M.S. JAGANNATHAN & N. KRISHNASWAMI
Chartered Accountants
Firm Registration No. 001208S

K. SRINIVASAN
Partner
Membership No. 021510

Rajapalayam,
28th May, 2016.

For and on behalf of the Board
P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

P.R. RAMASUBRAMANIAN
CHIEF FINANCIAL OFFICER

A. EMARAJAN
SECRETARY

PROXY FORM

THE RAMARAJU SURGICAL COTTON MILLS LIMITED

[CIN : UL17111TN1939PLC002302]

Regd. Office : RSCM Premises, 119 P.A.C. Ramasamy Raja Salai,
Rajapalayam - 626 117. Tamil Nadu

Name of the Member(s) :

Registered address :

E-mail ID :

Folio No. / Client ID. :

DP ID. :

I/We, being the Member(s) of shares of the above named Company, hereby appoint

1. Name : Address :

E-mail ID : Signature : or failing him,

2. Name : Address :

E-mail ID : Signature : or failing him,

3. Name : Address :

E-mail ID : Signature :

as my/our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 76th Annual General Meeting of the Company, to be held on Wednesday, the, 10th August, 2016 at 9.30 A.M. at P.A.C.Ramasamy Raja Centenary Community Hall, Sudarsan Gardens, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 108, Tamil Nadu and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution
Ordinary Business	
1	Adoption of Financial Statements for the year ended 31 st March 2016.
2	Appointment of Shri N.K. Shrikantan Raja, who retires by rotation and is eligible for re-appointment.
3	Appointment of Shri S. Kanthimathinathan, who retires by rotation and is eligible for re-appointment.
4	Ratification for Appointment of M/s. M.S. Jagannathan & N.Krishnaswami, Chartered Accountants as Auditors.
Special Business	
5	Appointment of Shri N.R.K. Ramkumar Raja as Managing Director.
6	Re-appointment of Smt. R. Nalina Ramalakshmi as Managing Director.
7	Ratification of Remuneration of Cost Auditor for the financial year 2016-17.
8	Creation of charge by way of mortgage, hypothecation, etc. on the movable / immovable properties of the Company.

Signed this..... day of 2016

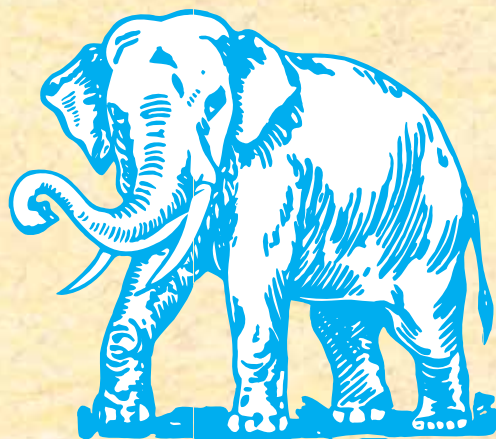
Signature of Shareholder

Signature of Proxy holder(s)



Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

SUDARSANAM SPINNING MILLS



TRADE MARK IRAVATHAM